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RESEARCH REPORT

THE INTERNATIONAL EXPANSION PATH OF BEKAERT, AB-INBEV AND BELGACOM

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February 2010

Flanders District of Creativity is the Flemish organization for **entrepreneurial creativity.** It was founded in 2004 by the Flemish Government as a non-profit organization and enjoys broad support. Flemish businesses, academia, and public institutions use Flanders DC as a platform for cooperation in the pursuit of a more creative Flanders region.

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2. by igniting **creative sparks** in everyday life and business, and
3. by providing **research, practical business tools and business training,** in cooperation with the Flanders DC Knowledge Centre.

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- **Creativity Class** for young high-potentials
- **Flanders DC Fellows**, inspiring role models in business creativity

FLANDERSDC FELLOWS

- **Creativity Talks**, monthly seminars on business creativity and innovation
- **Innovix,** online innovation management game
- **Flanders DC Academic Seminars,** research seminars on business creativity and innovation
- **TeamScan**, online tool

TEAMSCAN

- **Web 2.0 Readiness Scan**
- **HR Toolbox**

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1 INTRODUCTION

The goal of this paper is analyse the internationalisation strategies of major multinational enterprises (MNEs) based in Flanders and Brussels. The analysis focuses in particular on three case studies, selected among a subset of Flemish and Brussels' companies and analyses their expansion path in the period from 1995 to 2007.

In order to assess the path followed by the selected companies, a deep analysis of their strategies was carried out, also using a longitudinal database of the subsidiaries in the above-mentioned period.

It is worth noting that this is the first time that a comprehensive, longitudinal database on the international activities of Belgian multinational enterprises was constructed. Previous studies for example of the Belgian Federal Planning Bureau had only established cross-sectional databases of foreign affiliates at different points in time, with the oldest dating from 1995. These studies give us valuable insights in the geographical and sectoral spread of international activities of Belgian enterprises. Yet, they do not make it possible to analyze the expansion path of Belgian enterprises over longer periods of time.

The methodology used to select the companies to analyse is based on the construction of the "Expansion Paths Database" that contains information on companies of Flanders and Brussels that appeared at least at one point in time in the BEL20 index of Euronext Brussels. The development of a unique, longitudinal database of the foreign activities of these three Flemish and Brussels based MNE helps us to improve our insights in their internationalisation process.

2.1 Internationalisation: a strategic framework

Globalisation is the one of the most important and pervasive forces reshaping the competitive environment of business. It has shifted the basis of competition of companies, making it necessary to extend the framework of analysis of competitive advantage of firms. It brings more competition to the home country of companies, but it also makes it possible for a company to expand the scope of its activities in new countries, through their *internationalisation strategies*.

Internationalisation is “the process of increasing involvement in international markets” (Welch and Luostarinen, 1988). In fact, internationalisation cannot be considered as a separate feature of a company’s strategy, but should always be seen as a part of its overall *competitive strategy*.

Competitive strategy is the set of actions put in place by managers of a company to reach the objectives based on a company’s mission and vision in positioning itself successfully among competitors. This objective can be obtained in two ways, either through cost-cutting strategies or through value-adding strategies.

The *strategic positioning* of a firm will be the result of the decisions taken in terms of creating superior value or reducing costs in serving the customer. Internationalisation is part of it and can be used to reach those objectives, together with all the other actions that identify the competitive model of the firm.

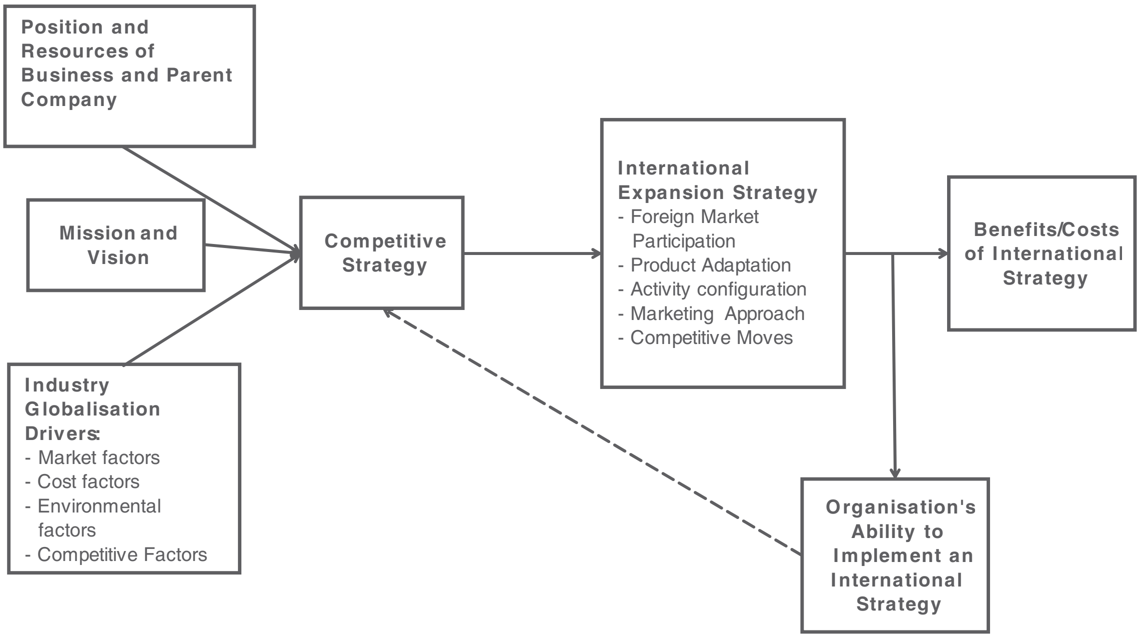
There are two main mechanisms through which internationalisation takes place. The first one is through the expansion of a company’s trade scope, and the second one is through the establishment of foreign subsidiaries. Studies so far have concentrated, for what concerns Belgium, on the trade expansion of firms. This study will focus on activities’ location outside the country, looking therefore at the most strategic internationalisation choices, those that involve higher commitment of resources by the company.

When a company decides to expand its activities abroad, the success of the operation will be based on *firm’s specific advantages (FSAs)* that constitute a company’s core competencies in terms of marketing, R&D, human resources and so forth. These skills are the source of a company’s competitive advantage and will therefore impact on a company’s success or failure. This is why internationalisation cannot be seen as separated from the company’s competitive strategy, but only as a part of it.

There are different models that have been developed to explain the different paths that a company can choose to follow when going international. This choice will be influenced by multiple factors. One of them is the type of industry a company is active in. For example there is an important difference between manufacturing and services industries. In fact the latter has only one way to expand abroad: acquiring companies or creating subsidiaries in the new market. This is partly due to the nature of their business and the high barriers to cross-border trade in services which are still in place.

Figure 2.1 gives an overview of the forces shaping the competitive strategy of a firm, therefore impacting on its internationalisation choices.

Figure 2.1 International expansion strategy



There are three main groups of factors influencing a company's competitive strategy, and therefore its subsequent decision to go abroad and compete in international markets. First of all, a company has a mission and vision that drive all its actions: all the operations of the company have as a scope fulfilling these two. Second, there are the resources and capabilities of the firm that make it unique and different from its competitors. The organisational culture and structure – for example – play a strong role in defining which path a company will follow. Moreover, resources and competencies not only define in which industries the firm will be active, but also which markets it will serve.
Thirdly, industry characteristics play a key role in influencing the competitive strategy of the firm, and therefore its internationalisation strategy. This group can be subdivided into four categories: market, cost, environment and competitive factors.

The competitive strategy is the deliberate action plan that results from the interaction of these three components and it will in turn influence the internationalisation strategy of the company. Next to their impact on the chosen competitive strategy, the resources and capabilities of the firm, as well as the different industry drivers may have an additional direct impact on the international expansion strategy of the firm. This impact is most prominently present in the contingency approach where the international strategy of the firm is seen as part of a process responding to changes in internal and external factors acting on the firm (cg infra). Finally, a growing body of the literature underlines the important role played by the organisation and its capabilities to implement an international expansion strategy, including the experience and learning process underlying the development of these capabilities.

2.2 Behavioural models of internationalisation

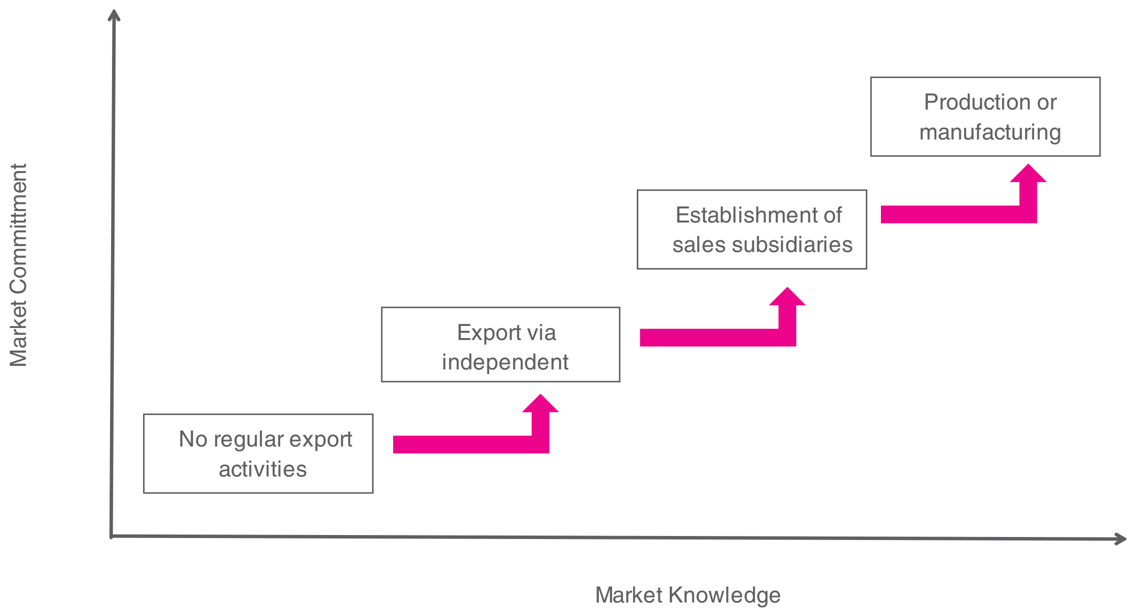
The analytical model outlined above says very little about the actual implementation process behind the deployment of international expansion strategies.
There are different ways in which a company can implement internationalisation strategies through locating activities abroad. In this section we will introduce the main behavioural theories that have been developed to explain the expansion paths followed by companies.

From the beginning of the 70s, many authors have tried to explain the internationalisation process of firms. The most influent theory is the one developed in 1977 by Johanson and Vahlne (1977), the so-called U-model which focuses on how organisations learn over time and how this affects their investment behaviour.

According to this model internationalisation occurs as a series of incremental steps through which the company gradually increases its experiential knowledge of foreign markets, therefore reducing the risk level. Consequently a company will start its expansion from close to successively more distant countries. Distance is not only measured in physic terms, but also as a mix of factors like language, culture and legal and business practices. The more a company expands to a larger number of countries the more the commitment increases, as market knowledge increases. Therefore a *causal repeating decision cycle* develops, in which current activities are the source of incremental knowledge and – consequently – company's commitment in terms of resources.

Based on these two aspects, the authors identify four stages in the expansion process as shown in figure 2.2.

Figure 2.2 The incremental steps of internationalisation



In this study we focus on the international location of activities and therefore on the third and fourth step of this ladder, the point in which market knowledge and resources commitment are high and the decision to expand is grounded in the competitive strategy of the firm.

Although criticized, this theory has been very influential and still today many authors put strong accent on the influence of distance and proximity on internationalisation decisions of companies. The main criticisms came from the fact that the model was too deterministic and strong boundaries were put between the different stages, although practice did not support this theoretical framework. Moreover, the assumption that the authors make is that companies first establish a strong position in the home market and then eventually decide to expand the scope of their activities abroad. This was not the case for a large number of companies that delineated the scope of their activities as international from the very beginning.

After being criticised during the 80s, the authors allowed for three exceptions to their model. The first one was related to firms that have a vast pool of resources. These firms can take larger or faster internationalisation steps compared to smaller firms. The second exception involves those markets in which there are stable or homogeneous conditions. In this cases knowledge gains can be achieved through mechanisms that are different from experience. The last exception was made for firms with experience from similar market conditions that can possibly generalise these to a new specific market.
These exceptions were introduced also to integrate this theory with concepts developed by the network theory.

In this second model of the internationalisation process introduced by Johanson and Mattsson (1988) the focus moves from market dynamics to the relationships a company develops inside its network. The starting point of this theory is the recognition of the fact that a company does not perform its activities as a separate entity but through a series of relationships with different partners, with whom it interacts. Therefore the internationalisation strategy of the company is the result of the influences of the strategies of all the companies that are present in the network, from suppliers to customers and so forth.
Based on these interactions, the company configures itself as one of the four prototypes shown in figure 2.3.

Figure 2.3 Network model of internationalisation

		Degree of internationalisation of the market (the production net)	
		Few	Many
Degree of internationalisation of the firm	Low	Early Starters	Late starter
	High	The Lonely International	The international among others

The early starter is a company that has relationships with companies that are not internationalised and that is not expanded abroad itself. As a consequence of the little knowledge of foreign market in the network, the company cannot make use of relationships abroad. Therefore entrance in new markets needs to be done through FDI or greenfield investments. In case the company has limited resources, it will most probably opt for entrance through agents.

The lonely international is a company that has expanded its activities abroad but has established relationships only with companies that have not internationalized. Therefore it is the promoter of internationalisation inside its network.
The late starter is the only local player in a network of internationalised actors. Most of the times it is a very specialised company that can use the relationships with its internationalised partners as driving forces to enter international markets.
The international among others is a company that is internationalised as its network partners. It is already present in foreign markets and can further increase its geographical spread through small incremental steps consistent with its strategy and the resources available at a certain point in time.
Similar to the previous model, also the network model was criticised for a series of reasons, including the fact that it is not capable of explaining the internationalisation of companies that are not part of a network, the fact that it does not explain the change of position of firms inside the matrix and the fact that it does not consider the possibility to create joint ventures and other hybrid structures.

The third behavioural model of internationalisation is the international new ventures theory. Developed firstly in 1994 by Oviatt and Mac Dougall**,** it aims at explaining accelerated internationalisation. In fact both the previous theories could not explain why some companies immediately internationalise despite their small size and resource base. According to this framework there are four distinctive elements that identify these companies. First of all they internalise a minimal part of their activities, given the little resources available. Second, they opt for alternative governance structures, which are less costly. Third, given once again the reduced assets, they try to gain from foreign location advantages, relocating movable resources across national borders. A fourth peculiarity lies in the capability of these companies to create differentiation or cost advantage through a pool of unique resources.
These four elements are necessary for making the international new venture sustainable. Given these essential characteristics, companies that are born international can be classified in four categories, based on the very different types of competitive advantage they pursue.
Figure 2.4 illustrates them.

Figure 2.4 Types of International New Ventures

		Few	Many
Coordination of Value Chain Activities	Few activities coordinated across countries (primarily logistics)	Export/import startups	Multinational Trader
	Many activities coordinated across countries	Geographically focused startup	Global startup

The first and second types of companies – export/import start-ups and multinational traders – are also called international market makers; this is because they use disparities across borders to create new markets. They have internalised the logistics activities and focus either on a reduced number of countries – export/import start-ups – or on a large number of nations – multinational trader.
Geographically focused start-ups serve a particular specialised demand in a reduced number of countries through the use of foreign resources. They do not coordinate only logistics, but a larger number of activities. Their competitive advantage rests in the impossibility to imitate the tacit knowledge that governs the relationships among the activities that they coordinate.
The most radical new international firms are the global start-ups. They coordinate a large number of activities across a very large number of countries. They possess the most sustainable competitive advantage of all due to a socially complex inimitable knowledge bounded in several network alliances in multiple countries.

All the models presented above have been able to explain different factors and cases of international expansion. However, no single theory has sufficient explanatory power of its own (Coviello and McAuley, 1999). The models do not sufficiently consider the internal factors which constitute the FSAs of the company, like firm's resources, decision-makers characteristics and management competencies, as well as external factors such as domestic and international market conditions, industry and sector trends and globalisation trends.
Moreover, these models are just stereotypes: each firm has a different story and will therefore follow a different internationalisation path, coherent with its internal and external influences (Bell et al., 2003). Nonetheless, if considered together they can help explaining the different paths followed by different companies.

For this reason, recently the so called "contingency approaches" have been developed (Kumar and Subramanian, 1997). According to these theories internationalisation depends on the internal and external factors that act on the company in a certain moment. Therefore a holistic approach has to be taken when looking at companies internationalise, taking into consideration all the factors that might play a role in a given moment. Bell et al. (2004) also state that "the nature and pace of internationalisation is conditioned by product; industry and other external environment variables, as well as by firm specific factors". In their view, therefore, internationalisation is not a continuous process characterized by well-defined phases: companies can experience what they call "epochs" or "episodes" of internationalisation and also epochs of de-internationalisation, triggered by both internal and external contingencies. Moreover, the international expansion of the firm is path dependent: each step taken will be influenced by the previous decisions taken.
Bell (2004) categorises companies in three main groups: "traditional", "born global" and "born-again global". Traditional firms do not choose internationalisation as a part of their growth strategy, but do so either to increase their sales volume in order to survive, or to respond to unsolicited enquiries and tend to have a management that is reluctant to internationalise. These companies are already well established in the home country and are more likely to follow the incremental path of internationalisation, through gradual steps and targeting one market at the time. Born-global firms are companies that configure themselves from the beginning as international players. Internationalisation is strongly linked with their competitive strategy and they proactively seek penetration into new markets. Their management is very committed to pursue growth by targeting numerous different markets at once, and seeking first-mover advantages. They do not start expansion after having strengthened their position in their home country, but in some cases exports even precede domestic market activity. Networks are of vital importance for these companies, as they tend to integrate into

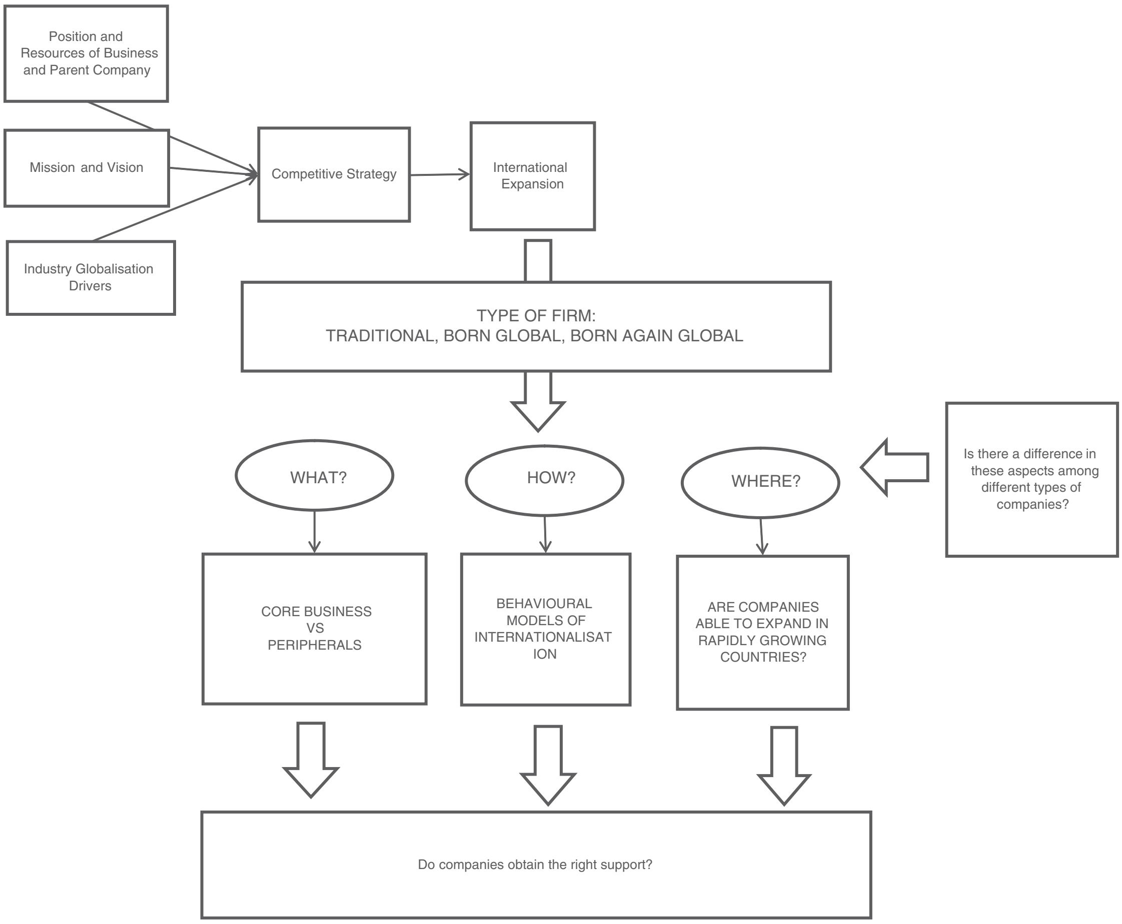
clients' existing channels. International expansion is also happening through client "followership".
Born-again global firms are a mixture of the previous two types. They did configure themselves as more traditional players, often in traditional industries, but subsequently to a "critical" incident (a takeover, an acquisition, a new technological development, the introduction of a new process technology, or the development of a new product) change their approach to internationalisation and become proactive in exploiting the new networks and resources gained from the critical incident. After a period of expansion inside their domestic market these companies embrace internationalisation in a rapid and dedicated way. In these cases clients' networks also appear to play an important role in supporting a company's expansion into foreign markets, and many markets are targeted simultaneously.

2.3 Implications for expansion paths

Each firm is different and therefore its strategic approach to internationalisation will be different. The internationalisation strategy is part of the overall competitive strategy of a company, and the decisions taken in that respect will be based on both internal and external factors which directly and indirectly have an impact on the scope, timing and mode of internationalizing activities. These forces will influence the choices of a firm on which internationalisation strategy to opt for, whether to take incremental steps or internationalise widely from the very beginning. The differences among countries and the perceived distance among them, also influenced by a company's partners, resources constraints, the quality of the human capital and the risk behaviour of the management are all important factors that have an impact on the choice of the optimal scope of operations of a firm. Moreover, the networks to which the company belongs will also shape the company's expansion path, fostering or hindering its internationalisation behaviour.
Following this framework the next section will answer some questions related to the expansion paths of a number of Flemish and Brussels based multinational enterprises.

To take into consideration all the models mentioned above and to synthesize the literature, we have developed a comprehensive scheme, outlined in figure 2.5. This meaningful scheme of analysis incorporates the research questions outlined above and will be used to analyse the cases.

Figure 2.5 Research questions' overview



First of all, we shall study w*hich activities* are performed by the subsidiaries abroad. Do companies expand internationalising their core activities or their peripheral business? Our hypothesis is that companies are successful in internationalising when they expand their core business, and use the firm-specific assets to enter the market in a different country. In many cases firms will reduce the diversification of their activities at home and abroad and focus on the most profitable lines of business in order to be able to free resources to invest in strengthening the company's position in the chosen market segment.

The last reasoning is based on evidence from previous studies analysing the expansion path of European, US and Japanese leading firms. These studies show that when expanding internationally a firm with a higher level of diversification will face higher constraints, both from a resource point of view and from a managerial point of view. Therefore, to overcome these constraints and be successful at international level, the firm will decide to focus only on those lines of business which are more profitable and in which it has developed its core competencies as this will increase the odds of establishing a strong market position in the target country, thus offsetting the losses in market share in the home country. Such restructurings have taken place in many companies at European level: corporations have divested non-core and peripheral activities and have returned to focus on their core business. At the same time they have internationalised these activities, expanding the

scope of their operations. Doing this they have been able to maintain their leading position in the core market.
Successful companies have been influenced, in their expansion, by networks. We shall see how important it is for a company deciding to internationalise to have network relationships with international(ised) companies.
In what follows we shall show that Flemish MNEs have followed the same trend, divesting from peripheral activities to concentrate on their core business, while at the same time internationalising their activities.

Then we shall look at *how* companies go abroad, therefore looking at the type of expansion path firms follow. Once they have chosen the product segment on which they want to focus, do they pursue an expansion strategy based on sequential entry, or do they follow the network model? We will see how different companies configure their international expansion coherently with their competitive strategy.

Third, we shall look at *where* companies go. We shall show that companies have increased the pace of internationalisation during the last 15 years, but could still use a stronger support especially to grab the opportunities coming from fast developing countries – such as BRIC countries – which are still not sufficiently exploited.
According to the findings of these three questions we shall then draw some conclusions and highlight some implications for public policy and investment supporting agencies.

In this study we want to look at the expansion paths of publicly listed, multi-national Flemish and Brussels companies. To do so, we built a longitudinal database that contains information about the selected companies and all their affiliates around the world.
The starting point for the construction of the database was the companies' selection. We wanted to include in our study only companies that strategically invested abroad to expand their activities.
To choose the companies, we started from "Euronext Brussels' BEL 20" index. This index is a weighted index based on minimum 10 and maximum 20 share prices of companies deemed representative of the Belgian equity market (NYSE Euronext, 2008). Annex 1 provides an overview of all the companies that were present in the index at least one point in time from 1991 – the date of its composition – to 2009.
During the above-mentioned period 48 companies appeared in the index, but not all of them can be used for our study. In fact, as mentioned above, we decided to focus on expansion paths over a reasonable time period. Obviously, all those companies that appeared in the index only for one day were removed. Three companies had then to be excluded, as shown in Table 3.1:

Table 3.1 Companies that appeared only one day in the BEL 20

Company Number	Name	Period included in the index	Category
4	BarcoNet	13/11/2000	One day
42	Cumerio	29/04/2005	One day
44	SUEZ Environment	21/07/2009	One day

The reason why these companies appear only for one day is that they are a spin-off of the parent company; therefore after having separated from it they were listed for one day before disappearing from the BEL 20.
This left us with 45 companies. From these companies we had to remove 14 financial companies and 2 real estate companies. We excluded financial and real estate companies because for these industries it is more difficult to distinguish strategic investments from portfolio investments, and the goal of the study is to assess the internationalisation *strategies* of companies.

Table 3.2 Real estate and financial companies

Company Number	Name	Period included in the index	Category
2	Almanij	26/06/1998-03/03/2005	Financial company
5	BBL	04/01/1993-22/12/1997	Financial company
10	Cobepa	18/01/1999-14/09/2000	Financial company
12	Cofinimmo	04/03/2003-	Real estate
15	Dexia	22/12/1997-02/03/2007	Financial company
19	Fortis	18/03/1991-	Financial company
20	GBL	18/03/1991-	Financial company
21	Generale Bank	18/03/1991-02/07/1998	Financial company
23	GIB	18/03/1991-11/11/2002	Financial company
26	KBC	04/01/1993-	Financial company
28	Nationale Portefeuille	02/03/2006-	Financial company
33	Royale Belge	18/03/1991-26/06/1998	Financial company
34	Soc. Générale Belg.	18/03/1991-02/07/1998	Financial company
35	Sofina	18/03/1991-04/01/1993	Financial company
43	Ackermans & Van Haaren	02/03/2007-	Financial company
48	Befimmo-Sicafi	02/03/2009-	Real estate

This leaves us with 29 companies.
Subsequently, we removed three other companies, one because it changed enterprise number after a split-off (Gevaert was sold by Bayer on the first of July 1999 and changed into AGFA-Gevaert) and the other two because they were established in France (the former Suez CR and the new GDF Suez).
This brings us to a list of 26 companies that represent our first selection. Annex 2 provides an overview of the companies that are included in this first list, with their company code as assigned by Belfirst, important information on restructurings (including the date in which these took place), and the companies' ultimate owners. This information allows us to assess whether a company is Belgian or foreign and to proceed to our next selection step, which involves removing all the companies that are controlled by of foreign companies. Table 3.3 gives an overview of the number of foreign companies according to different definitions.

Table 3.3 Foreign companies in 2009

Selected BEL20 companies (in 2009)	26
Not more than 10% controlled by one foreign company	13
10-50% Foreign	6
> 50% Foreign	7

If we use a broad definition, 13 companies of our list can be called foreign. This definition implies that at least 10% of equity is held by of a foreign company. Of these enterprises only 7 are foreign under a stricter definition with a 50% threshold.
In the period under consideration four companies were taken over for more than 50% by a foreign company, which again implied that they had to be excluded from our analysis, according to both definitions. These are, as shown in Annex 2, CBR, PetroFina, Electrabel and Tractebel. This leaves us with 22 companies, 13 of which can be included according to both definitions.

Table 3.4 List of Bel20 companies

	Code	BEL-20 companies	Important information	Date	Ultimate owner	Country (region) of origin
1	437531762	Bekaert	Split-off Bekaert fencing	jan/05		BE (VLG)
2	202239951	Belgacom	Takeover Telindus (BE)	1/01/2006	Belgian state	BE (VLG)
3	404535431	CMB	De-merger: CMB: Bocimar and Euronav + Exmar	2003	Marc Saverys	BE (VLG)
			De-merger: CMB + Euronav			
4	400378485	Colruyt	Split-off Dolmen computers	26/10/1999	Colruyt family	BE (VLG)
5	403448140	D'Ieteren			D'Ieteren family	BE (BRU)
6	428750985	IBA			Belgian Anchorage	BE (WAL)
7	417497106	AB INBEV	Merger with Ambev (BR)	2004	Belgian and Brazilian families through Dutch fund	BE (BRU)
			Merger with Anheuser-Bush (US)	18/11/2008		
8	431676229	Omega Pharma	IPO	1998	Marc Coucke	BE (VLG)
9	405666668	Recticel			Compagnie du bois sauvage	BE (BRU)
10	403091220	Solvay			Differo	BE (BRU)
11	422674035	Telindus Group	Taken over Belgacom (BE)		Belgian state	BE (BRU)
12	403053608	UCB			Financière de tubize	BE(BRU)
13	401574852	Umicore	Split-off Cumerio	2/05/2005		BE (BRU)

Of the 13 ‘Belgian’ companies, 5 are located in the Flemish region, 7 in the Brussels Region and 1 in the Walloon Region. Of the 7 Brussels companies three have their principal Belgian activities outside Flanders, Solvay, UCB and Umicore. This leaves 9 companies, as shown in Table 3.5.

Table 3.5 Final subset of companies

	Code	BEL-20 companies	Important information	Date	Ultimate owner	Country (region) of origin
1	437531762	Bekaert	Split-off Bekaert fencing	1/01/2005		BE (VLG)
2	202239951	Belgacom	Takeover Telindus (BE)	1/01/2006	Belgian state	BE (VLG)
3	404535431	CMB	De-merger: CMB: Bocimar and Euronav + Exmar	2003	Marc Saverys	BE (VLG)
			De-merger: CMB + Euronav			
4	400378485	Colruyt	Split-off Dolmen computers	26/10/1999	Colruyt family	BE (VLG)
5	403448140	D’Ieteren			D’Ieteren family	BE (BRU)
6	417497106	AB INBEV	Merger with Ambev (BR)	2004	Belgian and Brazilian families through Dutch fund	BE (BRU
			Merger with Anheuser-Bush (US)	18/11/2008		
7	431676229	Omega Pharma	IPO	1998	Marc Coucke	BE (VLG)
8	405666668	Recticel			Compagnie du bois sauvage	BE (BRU)
9	422674035	Telindus Group	Taken over Belgacom (BE)		Belgian state	BE (BRU)

Of this subset, three companies were chosen, based on the possibility to retrieve comprehensive information and three case studies were developed. These companies are Bekaert, Belgacom and AB Inbev.

For each year, from 1995 up to 2007, we collected information on each subsidiary of each company. Our main source of information to identify subsidiaries belonging to each of our companies was Belfirst, while to have more information on the European subsidiaries, we collected all the information from Amadeus and the Federal Planning Bureau.
First, a table was created for each year, including all those affiliates that were present in the company’s accounts in that year. In order to avoid mistakes and duplications, each subsidiary was given a shortname, which was unique per each subsidiary in each country.

The second step involved linking the different years with each other. This step was conducted to create one final complete dataset for the analysis, which contains all the information on the different subsidiaries in the different years. The system through which the affiliates were linked was a selection query in the access database, linking the shortname and the country, to see if the computer found two matches on both the two criteria.

Once the linkage process was finished, the table that originated contained a total of 368 affiliates[1], belonging to the 3 different companies, as shown in the "Final Found Back" table of the database.

This table is the main source of information for all the analysis that was conducted to assess the expansion path of the selected companies.

Box 1: Note on methodological issues

The main sources of information on the number and the location of the subsidiaries of the 3 companies for compiling the database were Belfirst, Amadeus, and – for selected years – the Federal Planning Bureau. The main data sources for these databases are the companies' accounts. For this reason, although a consistent methodology was followed for all the years, some companies showed inconsistent numbers of affiliates in some years, which at the beginning seemed to be inexplicable. After careful analysis, though, the explanation for these extreme values could be traced back to inconsistencies in the accounts of the companies.

Let's take AB Inbev as an example. In 2003 the company has 51 affiliates, while in 2004 it has 328 and in 2005 it has 327. In 2006 then it goes back to 52 affiliates, same value that it has for 2007. Analysing more carefully the accounts we see that in 2004 and 2005 Amadeus lists also the subsidiaries of subsidiaries, while it does not do so in the other years.

The most reasonable solution to deal with these extreme values was therefore to delete them. This did not imply any loss of information: in fact the amounts of – for example – both employees and turnover of these "excluded" companies were already included as aggregate values in the figures of the first-layer subsidiaries that own them.

Although this has no implication on the soundness of our report, it is an important point to note: companies do not follow a consistent methodology in recording data on their subsidiaries in their accounts. For this reason it is not easy to collect information about their activities in the different countries. It would be useful to find a way of forcing companies to use a more reliable way of registering their subsidiaries, introducing – for example – a unique coding system valid for all the companies, replicated throughout the years.

Another effect of these inconsistencies was the presence of "gaps". During the linkage process some subsidiaries that – for example – were present in 1995 and in 1997 were not recorded as active in 1996. This result was not possible. Therefore a more detailed analysis of the companies' accounts was performed. In most cases the solution was to add the affiliate to the "missing" year or to rename it: this because in most cases the problem was linked to an incorrect name-coding of the company.

1 The first list of affiliates included 1372 results. However, some of these needed to be deleted for the reasons explained in "Box 1: Methodological Issues"

This section starts with an analysis of the selected companies and then proceeds to analyse their foreign subsidiaries (=affiliated companies abroad), looking at the countries in which they are present and the sectors in which they are active. This will then allow us to draw some conclusions about the expansion path of the selected companies.

4.1 The selected companies: summary figures and brief history

Table 4.1 Key data on selected companies

Company	Year of Foundation	Date of incorporation	Sector	Company consolidated employees 2007	Company consolidated revenues (last year available - million €)
Bekaert	1880	22/05/1989	Advanced materials, coatings, engineered wire products	23.000	4.000,00
Belgacom	1930	19/07/1930	Telecommunications	17.833	6.100,00
AB Inbev	1366	2/08/1977	Beverages	120.000	15.110,00

Bekaert and AB Inbev are manufacturing companies. Founded in 1880 and incorporated in 1989, Bekaert is a global manufacturer of steel fibres, and of a series of products based on this technology, like drawn steel wire. AB Inbev is a manufacturer, but in a much lower technology-intensive sector: it is the leading global brewer, and one of the top 5 consumers' products companies in the world. Although by far the oldest company by foundation date, it was incorporated only in 1977.
Belgacom is, on the other hand, a services company. It is a major fixed and wireless telecom provider. Since 2006 it owns also Telindus, which offers ICT services and solutions to the corporate and public sectors, internationally.

Companies can also be classified according to their international scope as outlined in their mission. Belgacom sees itself as an EU centred company: most of its turnover is generated in the EU although it is trying to expand in many other countries. On the other hand Bekaert and AB Inbev see themselves as more international companies, with their activities spread more evenly worldwide.

Table 4.2 summarizes the most important restructurings and changes in the history of each company.

Table 4.2 Most important restructurings

Year	Restructuring	Involved companies	Result
AB Inbev			
1987	Merger	Artois (BE), Piedboeuf (BE)	Interbrew
2004	Merger	Interbrew (BE); Ambev (BR)	Inbev
2008	Merger	Inbev (BE); Anheuser-Busch (US)	AB Inbev
Bekaert			
2005	De-merger	Bekaert(BE), Bekaert-Fencing to Gilde (NL)	Bekaert (BE); Betafence (NL)
Belgacom			
1996	Sale stocks	Belgian Government, ADSB Telecommunications consortium, Sofina, Dexia, KBC	Partly privatised: 50% minus one stocks sold
2005	Joint venture	Swisscom Fixnet (CH) participates for 28% in Belgacom's BICS (BE)	Strengthened position international carrier market
2006	Acquisition	Belgacom,Telindus	Strengthened position IT
2006	Acquisition	Belgacom, Proximus	Strengthened position in mobile communication
2008	Acquisition	Scarlet Sa (NL)	Stengthened position in private ADSL business

Sources: Belfirst, Belmofi (Federal Planning Bureau), Company websites

AB Inbev is a company that was born as a result of a series of mergers and acquisitions dating back to 1987. In fact, in that year after decades of strong competition Artois and Piedboeuf merged and created Interbrew, which then merged in 2004 with Ambev to create Inbev and in 2008 with Anheuser-Busch to create AB Inbev. Throughout all the years the company has been always active in the same market, beer, expanding all over the world in recent decades.

Bekaert is – in a way – a more stable company. Since the date of its establishments, its history has been one of growth, with no major changes in name or ownership. From 1880 the company has focused on expanding worldwide, and was slowed down only by the crisis at the beginning of the 80s that imposed some restructurings, although of minor impact. In fact the main consequence of the turmoil was a temporary refocusing of the activities on the more "traditional" lines of business. Then in the 90s the international expansion started again, mostly towards Asia and more specifically China, where the first production plant was opened in 1993. Since then the main strategy has been of locating production activities outside Europe while retaining R&D activities in the home region.

Belgacom started as a state-owned company, before the telecommunication sector was privatized. In 1996 it was partly privatised through the sale by the Belgian government, of 50%-minus-one shares to a telecommunication consortium that also included institutions from the banking sector. Since the privatisation the company has expanded in different segments, and in the framework of this strategy the most important acquisitions have been the one of Proximus and of Telindus, both finalised in 2006 and of Scarlet in 2008. The first two acquisitions strengthened the company's position in the mobile and IT segments, while the last one strengthened its position in the "private" high-speed internet market.

4.2 Descriptive analysis of the affiliates

The "International Expansion Path Database" is made up of 368 affiliates belonging to 3 different companies in the time period that runs from 1995 to 2007.

Table 4.3 summarizes the total number of affiliates found in the different countries per each company.
It presents a consolidated overview of all the subsidiaries that appeared in the index at least one time from 1995 to 2007.

It is interesting to note that the total number of affiliates varies consistently from one company to another. Belgacom has a quite small number of affiliates if compared to Bekaert.
Another interesting observation is that in the timeframe considered some companies have extended their influence across many countries, while others have tended to remain more concentrated in their home region.

Table 4.3 Consolidated overview of the affiliates per company and country subdivisions [2]

BEKAERT		BELGACOM		AB INBEV	
AE	1	AT	2	AR	1
AN	1	CH	3	AT	1
AR	1	CN	1	BA	1
AT	1	DE	3	BG	4
AU	5	ES	1	BO	1
BR	6	FR	9	BR	1
CA	6	GB	2	CA	1
CH	1	HK	1	CI	1
CL	11	IT	1	CL	1
CN	20	JP	2	CN	16
CO	1	LI	1	CS	1
CZ	5	LU	3	CY	2
DE	11	NL	8	CZ	2
DK	3	PT	2	DE	10
EC	2	RU	3	DO	1
ES	9	SE	2	EC	1
FI	1	SG	1	ES	1
FR	13	US	3	FR	4
GB	19	TOTAL	48	GB	8
ID	3			GT	1
IE	3			HR	1
IN	4			HU	1
IT	7			IT	3
JP	7			KR	1
KR	1			LU	6
MX	4			ME	1
NL	12			MX	1
NO	1			NL	5
PA	2			PE	1
PE	2			PY	1
PL	4			RO	7
PT	1			RS	1
RU	1			RU	5
SE	3			SG	4
SG	4			SI	1
SK	2			SK	1
TR	2			SN	1
TW	2			UA	5
US	20			US	5
VE	2			UY	1
ZA	2			VE	1
TOTAL	206			YU	1
				ZR	1
				TOTAL	114

2 An explanation of the abbreviations can be found in Annex 3.

Table 4.4 Regional distribution of subsidiaries (1995-2007)

BEKAERT		BELGACOM		AB INBEV	
%EU	45,63%	%EU	68,75%	%EU	49,12%
ROE	1,94%	ROE	8,33%	ROE	9,65%
NA	12,62%	NA	6,25%	NA	5,26%
SA	15,53%	SA	0,00%	SA	10,53%
AP	23,30%	AP	16,67%	AP	22,81%
ROW	0,97%	ROW		ROW	2,63%
	100%		100%		100%
BRIC	15,05%	BRIC	2,08%	BRIC	19,30%

EU= EU27 countries[3]; ROE= Rest of Europe; NA= North America; AP= Asia Pacific; ROW= Rest of the World; BRIC= Brazil, Russia, India, China.

All the companies have the EU as their home region and therefore most of their subsidiaries are based there, although with significant differences.

As stated in its strategy, "Belgacom – together with Telindus –wants to be the leading network-centric ICT service provider in Belgium - and a reference for Europe". Given this focus on the European market it is no surprise that Belgacom carries out almost 69% of its activities in its home region. It is also worth noting that the Telecom Services is a heavy regulated sector, and for this reason it is more difficult to enter foreign markets.

Differently from Belgacom, which has based most of its subsidiaries in Europe, Bekaert and AB Inbev pursued a more global strategy.
These two companies are very widespread, not only across EU countries but also across world regions. They have less than half of their subsidiaries in Europe and, although it remained the most important base for their activities, they both have a relevant presence in Asia and in South America.

Table 4.5 shows the consolidated number of subsidiaries owned by the companies in the different countries in the period under analysis. The total number of countries in which the selected companies established a subsidiary is 64. Twenty-one out of the twenty-seven EC countries are represented. They make up for more than 54% of the total number of subsidiaries. Moreover, if we look at the top 5, as shown in Table 4.5, European countries are strongly represented.

3 Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

Table 4.5 Top 5 countries by number of subsidiaries (1995-2007)

BEKAERT		BELGACOM		AB INBEV	
Country	N of subsidiaries	Country	N of subsidiaries	Country	N of subsidiaries
CN	20	FR	9	CN	16
US	20	NL	8	DE	10
GB	19	CH	3	GB	8
FR	13	DE	3	RO	7
NL	12	LU/RU/US	3	LU	6

It is worth noting that China and Russia are significantly present in the list. Both Bekaert and AB Inbev have a strong presence in China, while Belgacom is present in Russia, with 3 fully-owned subsidiaries.

4.3 Case Studies: analysis of the international expansion paths of Bekaert, Belgacom and AB Inbev in the period 1995-2007

In this chapter we analyse the different expansion strategies of the three selected companies: Bekaert, Belgacom and AB Inbev. Each of these three companies constitutes a case study to answer the research questions outlined in section 2.3.
We first look at the drivers for their initial international expansion. Then, after an overview of their expansion strategies until 1995, we analyse in more detail the developments over the twelve years taken into consideration in the construction of the Expansion Path Database. We then draw some conclusions over the linkages between the competitive strategy of the companies and their internationalisation strategies.

Bekaert

The first company in our dataset is Bekaert. Since it was founded, Bekaert has always been a very innovative company that uses R&D extensively to expand the possible applications in its two core markets: advanced metal transformation and advanced materials and coatings. When in 1951 the management of Bekaert recognised the opportunity of the newly emerging design for automotive tires – the radial tire – it decided to enter this market by producing the steel cords that are used as inner cords of this new product.

In order to be successful in a globalised market as the car tires one, Bekaert decided from the very beginning to opt for a global strategy. In fact, Bekaert had already started exporting in 1928, and in 1933 it had invested in the British "Tinsley Wire". From the first steps of its internationalisation the company had clearly in mind the linkage between geographic expansion and its competitive strategy: if its *vision* was to become a key player in the steel cord business it had to compete in an industry that was quickly *globalising.* Therefore it started its expansion beyond the European borders.
Looking at the way in which the company expanded abroad, we can see that it proceeded by incremental steps. After 28 years of exports towards the US it opened the first office there – its first sales subsidiary – in 1956 and the first plant in 1974. The same strategy was followed in Latin America: it started investing in local companies during the 50s, consolidated its investments in the 60s and then, in 1974, it opened its first plant in Ecuador. Similarly, the expansion in Asia started with the opening of a representative office in Tokyo in 1957, followed by the recognition – in 1983 – of the market potential of China and the subsequent investment in steel cords plants in the country. In fact, as China was a very different market from those previously addressed, Bekaert first established a majority joint venture with the local "Fasten Group" in order to reduce the risk associated with the lack of market knowledge and then acquired the control of 40% of the Chinese steel cord making company.

By 1995, the company was present with its own subsidiaries in 28 countries all over the world. To analyse the expansion path of Bekaert in the period 1995-2007, we can apply the scheme outlined in section 2.3
In the 90s the strategy of Bekaert has been focused on two main aspects: dropping several business lines to focus only on the products with the highest value-added potential and continue the international expansion. Therefore it pursued a strategy of resources refocusing and international expansion. How were these two strategic decisions implemented?

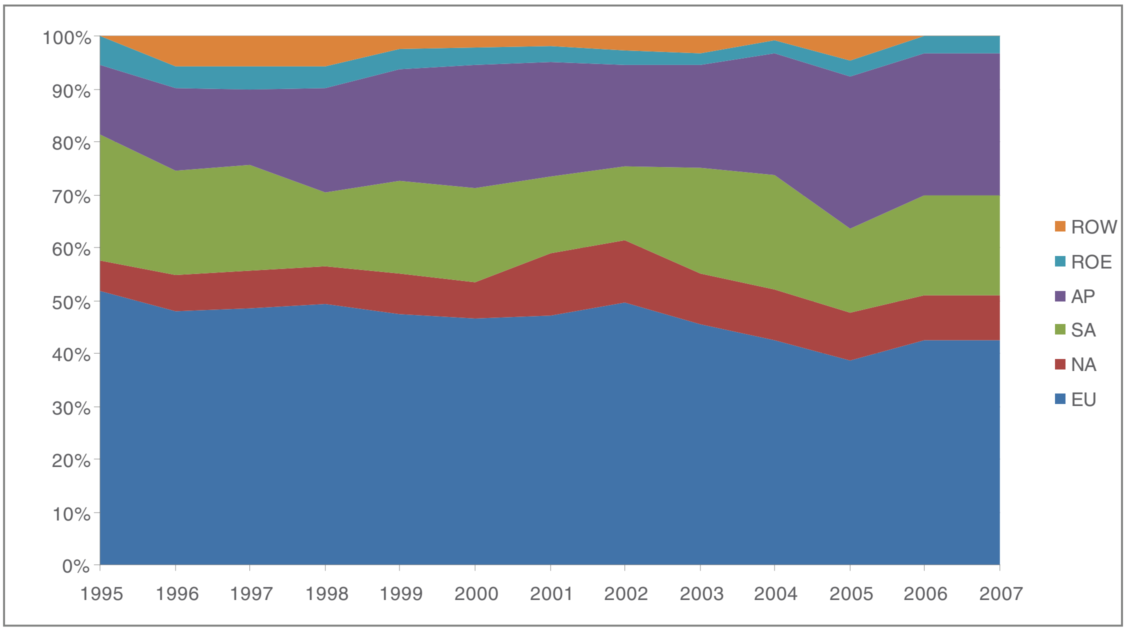
Let's first look at what *types of activities* were performed by the subsidiaries of Bekaert outside Belgium. From the NACE codes of the subsidiaries contained in the Expansion Path Database we can derive that 76% of the activities that Bekaert has performed abroad in the period 1995-2007 belonged to two of its core businesses, production of wires and wires coating. The remaining 24% can be subdivided in three groups: production of abrasive products, manufacture of tanks, reservoirs and containers of metal and manufacture of machinery. From this description it is already evident that these activities do not represent extra lines of business, but support activities that are connected to the core activities of the company.

The first result of our analysis is therefore that Bekaert has followed the path of other successful multinational companies: *focusing on a reduced but strongly profitable set of business activities* and *invest in their internationalisation*.
Bekaert did this for a series of reasons. First of all divesting from less profitable activities enabled the company to free resources to be used for R&D in the two core segments and therefore develop expertise in new technologies in the framework of the two core lines. This is consistent with both of the company's mission statements: becoming the world leader in the segments and obtaining sustainable profitable growth. As many other successful EU companies Bekaert realised that to achieve sustainability it is necessary to perform less activities, focus and become leader in those activities. This has been a point of strength for Bekaert and has enabled it to grow into a real world leader.

This first point – the decision of which activities to focus on and to expand abroad – is strongly linked to *where* to expand them. In fact theses decisions are based on the same drivers.

Figure 4.1 shows the expansion path followed by Bekaert in the period 1995-2007.

Figure 4.1 Expansion Path of Bekaert 1995-2007



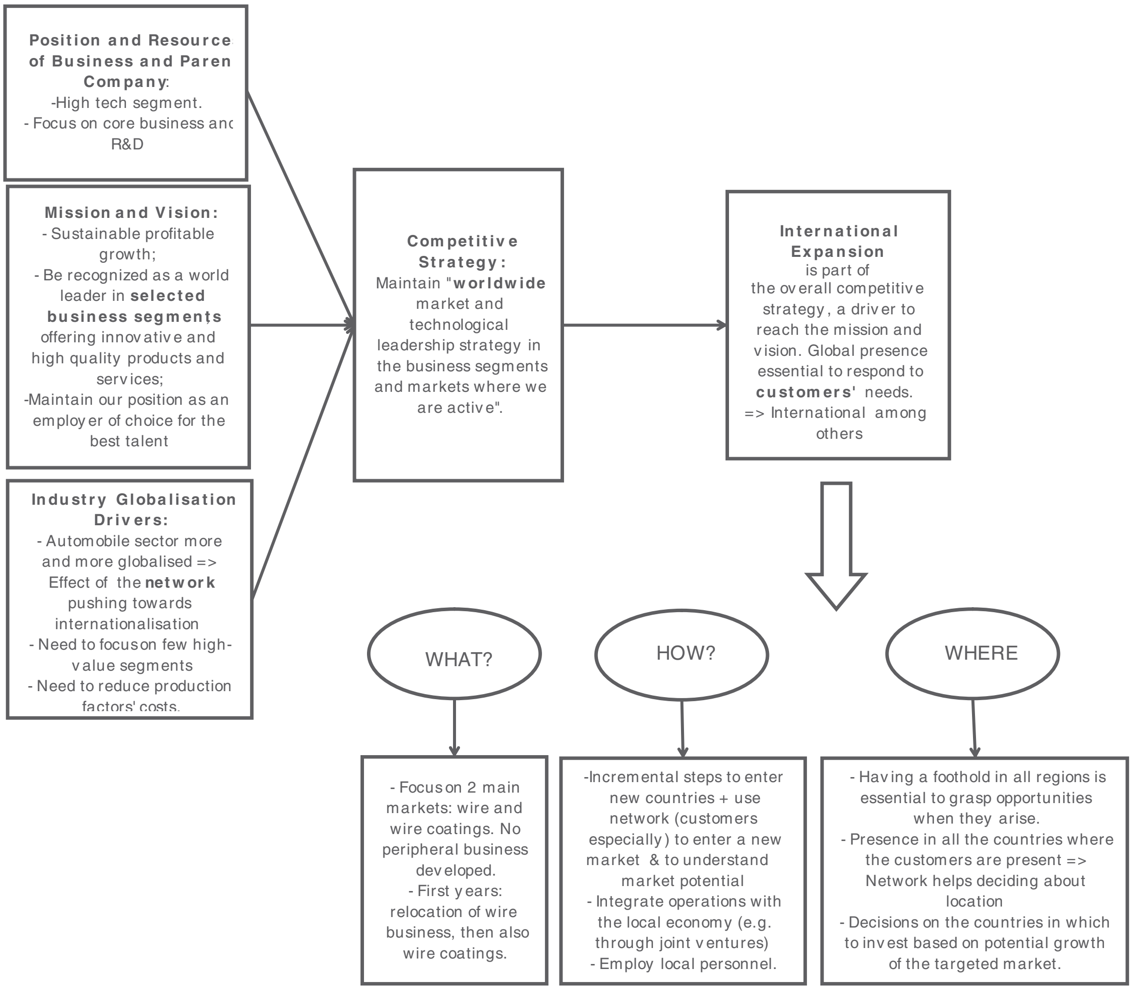
Under the statement “Global presence to support your business”, from 1995 to 2007 Bekaert has largely extended the geographical scope of its operations.
Although strongly internationalised in 1995, when it was already present in 28 countries, it still increased its presence in many fast growing regions, such as the Asia Pacific region. Although still strongly Europe-based, Bekaert has a foothold in all regions and is present in three of the four BRIC countries: it has built up joint ventures in Brazil and in India and has strongly developed in China.

The last country is a good example of how Bekaert expands its activities abroad. The company started supplying car manufacturers in the country. At this first stage, only trade relationships were developed, in line with the reduced knowledge of the country, the high risk connected with it and the uncertainty about its growth potential. Then, in the 90s, Bekaert started investing in China. If we look at the situation in the twelve years for which our database was constructed, we can see that in 1995 Bekaert had only one subsidiary in China, which had been opened in 1993 as a joint venture with the local Fasten Group. Then, in 1996, the number of subsidiaries increased to 4, which became 7 in 2000, 11 in 2003 and had reached a total of 14 in 2007. During a first phase, subsidiaries were established using joint ventures (as in 1993 with Fasten Group and in 1998 in Shenyang) which after a while became fully controlled by Bekaert. Only in a second phase, when the knowledge of the Chinese market had become stronger and the perceived risk reduced Bekaert started opening plants and subsidiaries that were under its full control from the very beginning. Together with the opening of two fully-owned production plants in China in 2006, Bekaert also established a R&D centre in the Jiangyin, which today employs 200 people.
The path that was followed can therefore said to be incremental: the more there seemed to be opportunities the more Bekaert increased its commitment in the country. This increased the knowledge of the country, and therefore reduced the perceived risk making Bekaert more willing to create fully owned subsidiaries.

Looking at the drivers of Bekaert’s international expansion we see that there were multiple reasons behind the choice to strongly expand in China. First of all industry conditions played an important role: the globalisation of the car industry made it necessary for Bekaert to find ways of reducing factor costs and therefore the relocation of production to China was a way of achieving cost reduction strategies. However, a much more important driver was the network of Bekaert. As customers were more and more turning to China as preferred location for their activities, to ensure proximity to its customers Bekaert also invested in expanding in the country. The Chinese example shows that Bekaert’s geographical coverage changes in response to both customers’ demand and market trends. This is a very important point, as it shows the importance of the network of a company in deciding how to expand internationally. Going back to the network model developed in section 2.2, we can say that Bekaert acts as an “international among others”: it is part of an internationalised network of firms and seeks to expand even further together with its network partners.

Figure 4.2 summarizes the main findings related to Bekaert’s’ case, as analysed through the scheme proposed in section 2.3.

Figure 4.2: Main findings on Bekaert



Belgacom

Belgacom is a company active in a totally different sector, broadly defined as telecom services. The history of Belgacom is completely different from the one of Bekaert. The company only started late internationalizing some of its activities. The reason for this, however, lies once again in the factors affecting the choice of the competitive strategy and in this case, more specifically, in the type of industry in which the company is active: telecommunications services. This industry has historically been strongly regulated, and for this reason until the liberalisation of the sector the company was public, enjoying a monopoly position in the country. Under these conditions the company was not considering the possibility to go abroad, but it was focusing on the Belgian market giving priority to innovation: the main focus was on providing state-of-the-art communication infrastructure and services to Belgium and no action was taken to expand abroad. It is worth noting that the lack of international activities was also primarily due to the fact that there were strong barriers to entry in other European countries in the telecom sector.

However, after 1987, when the European Commission's initiative on telecommunication liberalisation was launched introducing a big change in the environment in which the company operated, conditions changed. This first piece of legislation – incorporated in the Belgian law in 1991 – aimed at creating a new type of public sector company, with greater managerial autonomy. A second EU initiative in 1994 went even further, pushing telephony and network operators to open up competition throughout Europe.

These two liberalisation waves had strong effects on Belgacom. On the one hand they imposed a change in the industry in which the company operated, as the law aimed at creating an environment favourable to the development of competition in the telecommunication services in Belgium. This introduced the potential threat of new entrants in the Belgian market, pushing the company to explore new potential markets to offset the risk of market share losses. On the other hand it made it possible for Belgacom to enter foreign markets, as liberalisation was to take place throughout Europe.

The response to liberalisation was twofold, following two paths, one aimed at exploring external growth opportunities and the second one aimed at reinforcing Belgacom's position inside Belgium.

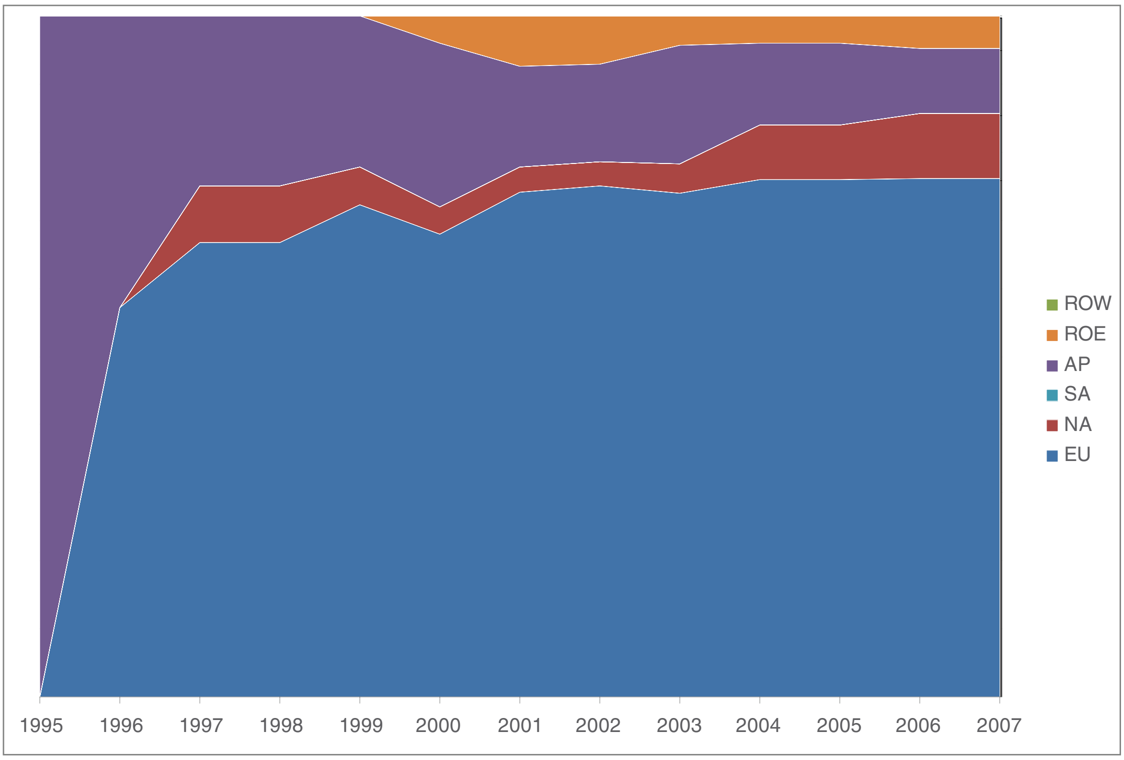
The first of these two strategies was the development outside Belgian borders. In 1991 the company started looking for market potential outside Belgium and it established links with other telecom providers in order to provide a one-stop shopping for customers that needed to use international networks. Moreover, in the same year it opened an agency in New York: this office operated in agreement with local providers to supply telecom services for Belgian companies in the US. In the same year another agreement was signed with PTT in The Netherlands to cooperate more closely on infrastructure and services. In 1995 Belgacom started developing partnerships outside Belgium, with companies like Ameritech, Tele Denmark and Singapore Telecom. The main goal of all these partnerships was to develop an international network that offered voice and data capacity and connectivity services to telecom operators around the world. All these activities were grouped in 1996 under the brand "Belgacom International Carrier Services (ICS)", which is still active today and manages all the international network activities of Belgacom. In fact, if we look at the subsidiaries of Belgacom abroad, as listed in the Expansion Path Database, we can see that most of them belong to this business unit.

Regarding the second goal of the strategy, Belgacom put in place, in 2001, a restructuring plan (the so-called "BeST Plan") which aimed at grouping activities in four business units and at disposing of certain non-profitable activities (like the security activities and the French activities of Infosources). Then in 2003 a new image was created for Belgacom, with a new logo and a new main goal: be more customers' focused. Thanks to this change in image, Belgacom was able to launch an initial public offering in 2004, aimed at raising resources to finance its projects, which were mainly the development of the broadband and of digital TV.

Internationalisation is part of Belgacom's strategy in two ways.
First of all, it is part of the development of its ICS business unit, as it enables it to find new partners to build a strong position in the network services. Second, it enables it to acquire knowledge about new market segments and strengthen technological position. An example of this was the acquisition of the Dutch company Scarlet in 2006. Belgacom did not acquire it to enter the Dutch market. It gave Belgacom access to a new market segment in Belgium. Moreover, the acquisition gave access to a new technology, which enables Belgacom to extend its multiplay offer in Belgium.

Looking at the countries in which the company performs its activities, we can see from figure 4.3 that Belgacom's base is definitely Europe.

Figure 4.3 Expansion path of Belgacom in the period 1995-2007

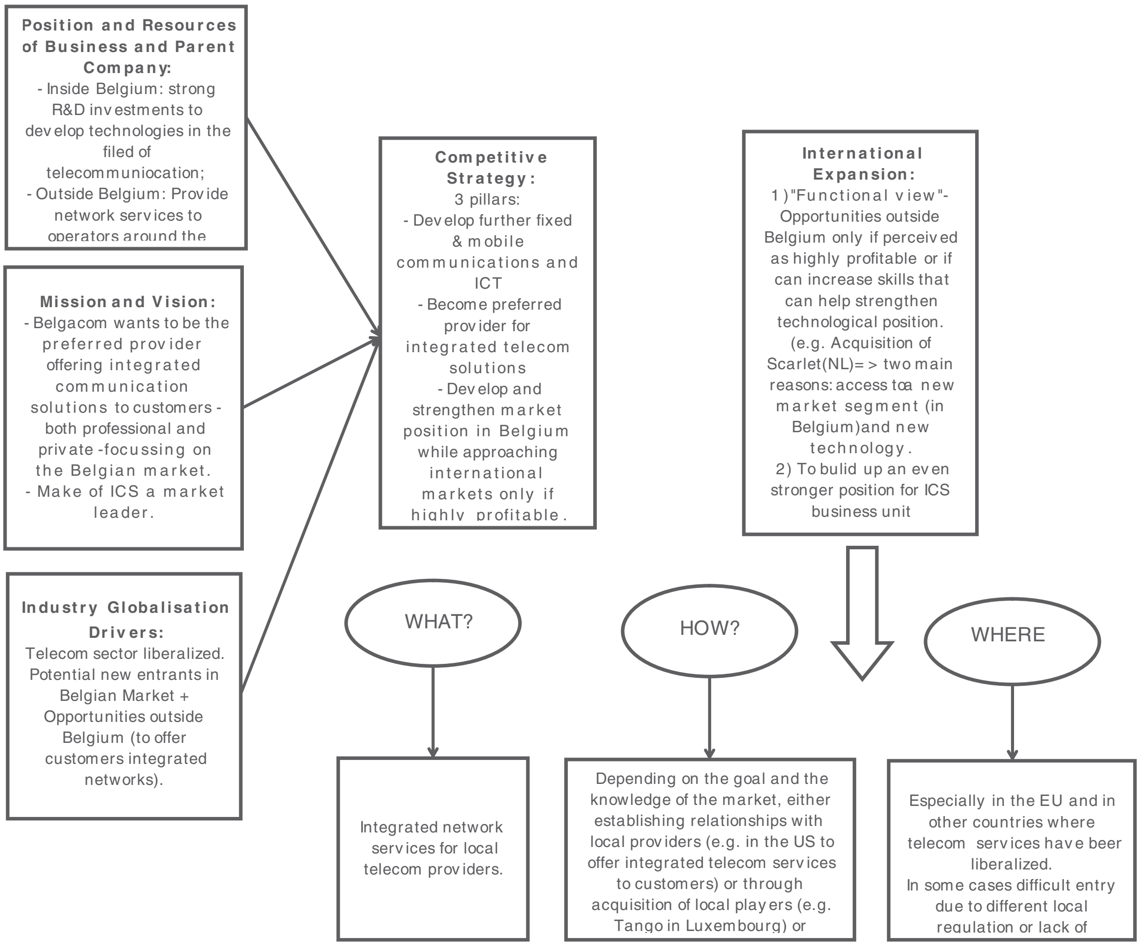


The reason behind this regional concentration can be found in the types of activities that are carried out abroad: as we have seen Belgacom is a provider of connectivity, voice and data capacity for telecom providers. This type of activity can be performed only in countries in which free entry is guaranteed by the liberalization of the sector. In those countries where there is one unique monopolist player who is the only telecom provider in the country and owns the infrastructures it is difficult if not impossible to enter the market.

Driven by the ongoing market liberalisation, the expansion path of Belgacom follows an incremental path. The company first established relationships with local partners and only in a second phase it acquired companies or set up its own subsidiaries. The knowledge of the market played therefore an important role in shaping the type of presence of Belgacom abroad. Moreover, an important role was played by regulation: the costs of overcoming country's barriers were in some cases not offset by the possible gains coming from being present in that country. For this reason Belgacom's approach to acquisitions in foreign countries has become – in Belgacom's own words – "more disciplined".

An overview of the main findings of the analysis of Belgacom can be found in figure 4.4.

Figure 4.4 Main findings of the Belgacom case



AB Inbev

AB Inbev is today the top brewing company in the world. Headquartered in Belgium, it has its brewing business in 36 countries where it has implanted about 151 breweries.
The company is very successful both in the home country and abroad and this is the result of a clear internationalisation strategy developed coherently with its competitive strategy.

It all started in 1987, when the Leuven based brewery Artois merged with its main Belgian competitor, Piedboeuf. Until then, none of the two companies had a clear strategy: they only focused on becoming stronger than the other; their focus was also restricted to the Belgian market.
After the merger between the two companies took place in 1987, it became clear that it was not possible to further develop without a clear strategic plan.
Therefore in 1989 a new strategic approach was embraced and an analysis of both internal and external factors affecting the company’s strategy was carried out.
The analysis indicated a saturated Belgian market, with low returns and little profit.

There were also internal problems that had to be faced: the integration among the two entities was difficult. The management of Artois, for example, had always strongly sustained personal initiative,

while inside Piedboeuf the conformity to the rules was more appreciated. Moreover, also regarding the future of the company the positions were opposite: Artois wanted to go global and pursuit international expansion, while Piedboeuf believed it was more reasonable to stay in Belgium and grow there.
Helped by the Boston Consultancy Group, a complete analysis of strength, weaknesses and competitors was carried out and a new plan was developed. This strategic plan was built on four pillars:

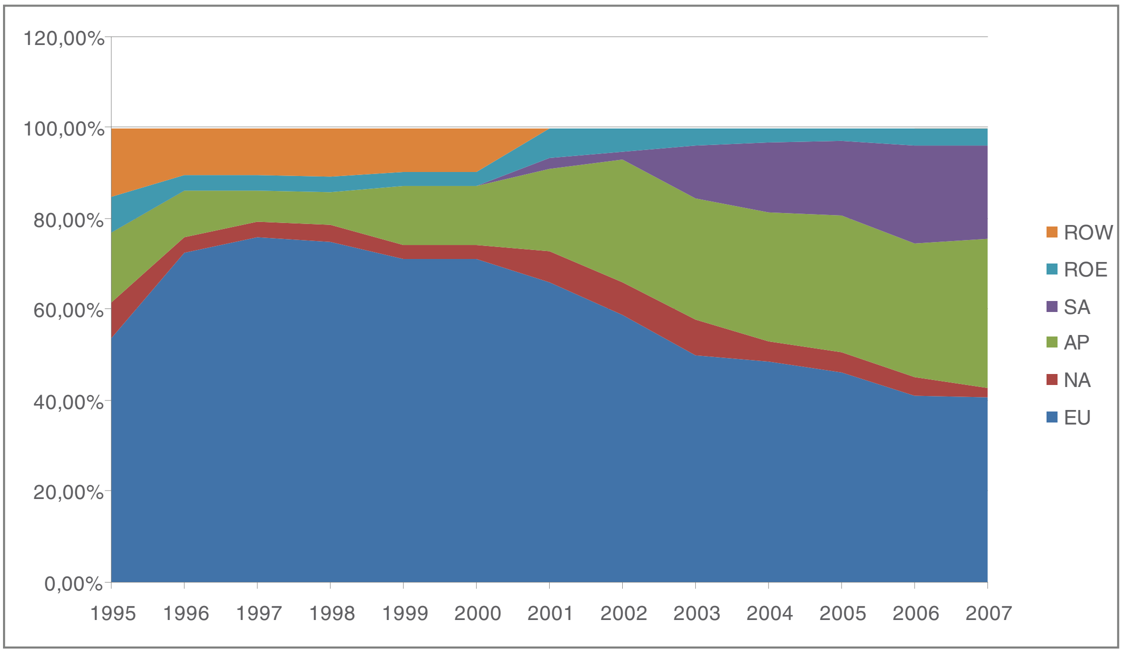
- A focus on investments in emerging markets (like Hungary, Croatia, Bulgaria and Romania). This was very different from what previously suggested by McKinsey, and had the strong support of the management;
- Investments in specialty beers, therefore moving from logic of volume to logic of profits. This was a big change inside the company, because it would have had a strong impact on the mentality of workers;
- Investments in the water business. This proposal did not find full acceptance by the management as diversification was not very welcome;
- Restructure the industrial environment through consolidation.

Moreover, BCG strongly recommended the company stopped acting as two separate entities: the plan was unique and therefore they had to put themselves together and go for it together.
The plan was accepted by the management in summer 1989 and, although it was not easy to implement it due to strong resistance to change, its basic principles are still at the base of the company's development.

Internationalisation was therefore seen as a part of the overall competitive strategy: it was one of the main drivers of company's success. First of all, there was a clear focus on the segment that had more potential for successful foreign expansion: beer. Although an investment was made at the beginning in the water business, it was soon abandoned, as being too far from the core competencies of the firm. The main reason for the divestment was that it was not possible to find the right skills and focus inside the company to manage such a different segment in the industry.
If we look at the mix of activities carried out by the subsidiaries of AB Inbev outside Belgium in the period 1995-2007, we can see that they all refer to the beer business.

Once the choice of focusing only on beer was made, there was the issue on where to expand.
As we have outlined above, AB Inbev decided after the merger to become a truly global company, starting the expansion from non-saturated markets, mostly newly developing countries in Central and Eastern Europe. The first deal signed was in Hungary, just before the iron curtain fell. It was a risky move to make, but the company took the decision based on sound market analysis and grounded in the competitive strategy it had developed. Later in the period 1995-2007 AB Inbev also expanded strongly in Asia and South America.

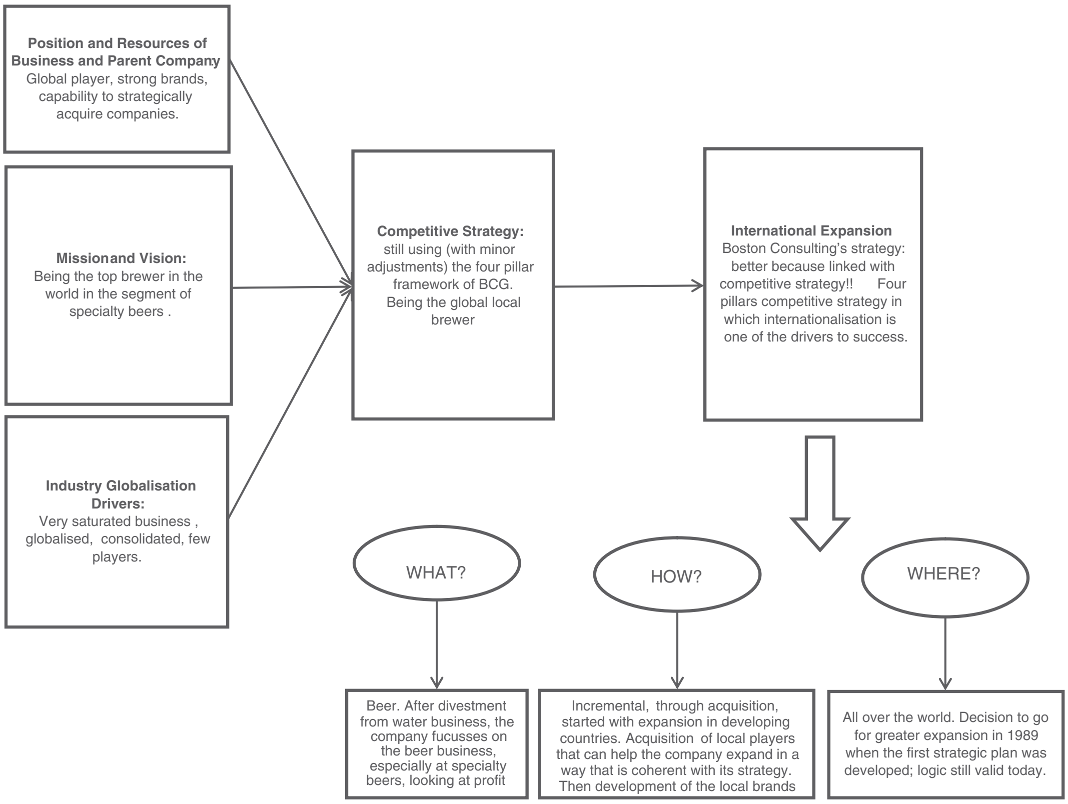
Figure 4.5 Distribution across regions of AB Inbev's activities.



In 1999, thanks to the merger with Ambev, the company started developing strongly in South America. All the subsequent acquisitions of AB Inbev were aimed at strengthening the international position in different countries and regions. The Latin America case is a good example of this. When Interbrew merged with Ambev in 1999 to create Inbev, the choice was to enter such an important and fast developing market. In fact, from that moment on the number of subsidiaries in South America increased, showing the increasing commitment of the company in the region. Another good example is China: in 2002, Interbrew strengthened its position in the country by acquiring stakes in the K.K. Brewery and the Zhujiang Brewery.

The way in which AB Inbev expands is through incremental steps. It first acquires partly or fully local companies and benefits from their local competitive position and knowledge of the targeted country. This goes together with a strengthening of the brands that belong to the acquired company and a growing commitment to that market. Only in a later stage the international brands get introduced and operations streamlined with the rest of the group.

Figure 4.6 Main findings of the AB Inbev case



5.1 Introduction

During the period going from 1995 to 2007 there has been an acceleration of internationalisation of European companies. This phenomenon also involved Belgian companies active in different industries.

From the analysis of the three selected multinationals we can draw some conclusions which can then be translated into success factors and can give general suggestions to company that want to start expanding internationally.

Table 5.1 Summary of the main findings of the Case Studies

Dimensions of analysis	Bekaert	Belgacom	AB Inbev
Industry	Technology intensive manufacturing firm in a very globalised industry	Services sector liberalised in 1987.	Traditional industry, highly consolidated industry.
Resources	First mover in a very highly profitable business	High innovative company (unlikely most of other EU monopolists in the sector) with customer orientation	No competition on volumes but on profits. Many specialty beers, first mover in developing countries.
Capabilities	Focusing on fewer product lines but invest a lot in R&D in them to achieve sustainable growth	Integrated provider (in Belgium) Investments on relationships (abroad)	Clear strategy that fits mission and vision Clear role of internationalisation in the pursuit of the competitive strategy.
Link competitive strategy – internationalisation	Decision to internationalise linked to the competitive strategy pursued; linked to both internal and external factors (decision to enter a new segment, very globalised industry).	2 drivers for internationalisation: - Internal: give customers an internationally integrated service - External: Market liberalisation (seen as both a threat and an opportunity)	Four pillars competitive strategy in which internationalisation is one of the drivers to success.

Dimensions of analysis	Bekaert	Belgacom	AB Inbev
Type of Internationalisation strategy pursued (WHAT?, WHERE?, HOW?)	WHAT: Core activities → 90s= focus on most profitable lines + raise international profile of operations. HOW: Incremental (sales subsidiaries first, then JV and in a third stage establishment of fully-owned plants). WHERE: Decision influenced by network partners + growth opportunities.	WHAT: Integrated network services for local telecom providers. HOW: Incremental →: agreements, JVs, establishment of owned subsidiaries. First expansion into neighbour and liberalised countries. WHERE: Liberalised telecom markets.	WHAT: Specialty beers. HOW: Incremental → Acquisition of local partners to expand; first strengthen local brands to create commitment and then introduce own brands. WHERE: Global

First of all the three companies had had a clear understanding of the *industry* in which they were competing and the internationalisation potential. All of them clearly considered the degree of competition and the specificities of the environment. Bekaert was active in a very globalised industry (being a supplier for car manufacturers) and therefore had an incentive to opt for a global strategy from the very beginning. In turn, Belgacom's focus was not (and still is not) on internationalisation: to fulfil its strategic objectives it is not so relevant to pursuit a fully global strategy. Therefore it made a "functional" use of international expansion, using it to strengthen its market position in Belgium through the acquisition of new technologies and to strengthen its offers in terms of international network.

It is also worth noting that a point of strength for Bekaert was the fact that it was part of an *international network*: most of its customers were – and still are – international players, and this strongly pushed the company towards becoming a global player. We can therefore say that being part of an international network is very important for a company as this is a source of competitive advantage when deciding to internationalise. AB Inbev did not have such a network when it started expanding. This is one of the reasons why it globalised its activities through the acquisition of local companies: the knowledge of the local markets could not be acquired in a different manner.

In all the three cases the decision to internationalise was seen as a part of the overall *competitive strategy*. AB Inbev needed to expand the geographic scope of its operations because of a saturated home market, Bekaert needed to go global to become the preferred supplier of car making companies, which were very internationalised themselves, and Belgacom internationalised to acquire expertise and to strengthen its product portfolio and market position.

An interesting trend in the years analysed is the fact that companies *refocused their resources on core activities and extended their international scope*. This type of restructuring has taken place in many companies and has also been for the case companies an important point of strength. In fact refocusing has made it possible for Bekaert and for Belgacom to invest more resources into R&D

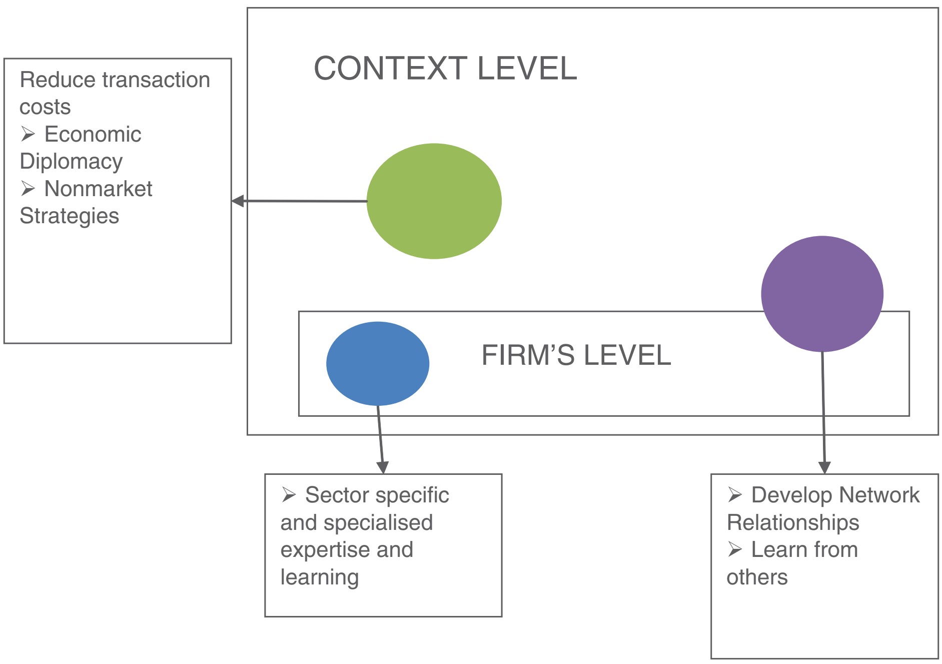
and into customer care. For AB Inbev divesting from the water business meant avoiding a waste of resources: the development of the skills necessary to make that business profitable were going to be too costly and the business did not fit with the overall strategy of the company.

5.2 Policy Implications

Following the development of the three cases we can draw some conclusions on the main international developments of the selected companies and relate them to changing needs for public policy instruments to support these developments. Obviously, those implications are rather general and relate only to the cases investigated in this study.

As shown in Figure 5.1, we can identify three main areas of intervention: inside the firm, within the industry and in the broader context.
These factors are not the only important ones, but the ones on which we would like to focus, since our analysis shows they can be further improved and strengthened.
We will analyse each of these three dimensions and look at which are the main actions that both public bodies and companies can take to more effectively structure the internationalisation process.

Figure 5.1 Main measures to support internationalisation



Sector specific expertise and learning

Companies from small open economies that focus on profitable niche markets in the domestic and the international market follow diverse international expansion paths and use a variety of expansion modes (export, joint venture, wholly owned subsidiary, licensing, international outsourcing,...) in implementing their strategy. For this reason it is necessary to develop a wide set of instruments that support companies in their expansion strategies, ranging from the provision of basic information about foreign markets to the development and sharing of best practices in using the different expansion modes in the different potential host countries. For this reason companies need to be supported when deciding in which countries to expand: this can help companies understand which type of *"expansion mix"* (the how, where and what) to choose and how to effectively integrate international expansion into the overall company's strategy. Most of the companies that start internationalising do not have enough resources (both from a financial and a skills perspective) to choose the right mix and the right partners or to understand foreign business practices, export procedures and regulations.

The type of knowledge that agencies can offer needs to be *specialised* to meet the information needs of the firm and should be *industry-specific*.
High quality and useful support can be given if there is a strong sectoral expertise present in the organisation or in the supporting network.
Easy access to relevant information helps minimizing the risks and the costs linked to internationalisation.

This strong knowledge base needs to be developed both in high tech and more traditional sectors. The learning process should be supported by specific sector organisations and organized through the construction of specialized fora in which companies can share ideas and best practices and learn from the experience of successful international players operating in different countries.

Companies need to recognise the importance of good information. Internationalisation decisions have to be linking the company's competitive strategy to the particular environment of the targeted country.

Networking domestically and abroad

Not only knowledge should be sector or cluster specific, but also *focused networking activities* should be organized around it. In fact establishing business relationships with business partners in a foreign country is even more costly than gathering information and sometimes it is not easy to find the right counterpart.

As we have seen analysing the cases, it is very important for a company to be part of relevant business networks, stretching across borders but also inside the home country with experienced international actors.
Networks make it possible for companies to connect to international supply chains, share knowledge, knowhow and best practices. The synergies that develop inside networks can be very profitable for a company, as one of their key advantages is the fact that participating involves more advantages than costs.
Agencies therefore need to assist globalising firms (especially fast internationalising ones) to develop their international network effectively and systematically. Moreover they must help firms capitalise on the opportunities to access networks and get in touch with reliable partners (thanks to interaction with internationalised actors).

The forging of public-private partnership engaging supporting agencies with specialized international private network organisations helping firms to internationalize appears as a reasonable way to achieve this end.

Finally, in order to help companies establish business relationships with reliable local partners, agencies should invest in *image building and reputation* of the region or country they represent and in their role as broker in bringing companies together within partnership.
Once again it's key that companies understand the importance of being part of these networks. They should look at them as part of their overall strategic resources and exploit them as much as possible to have a competitive advantage when entering a new market.

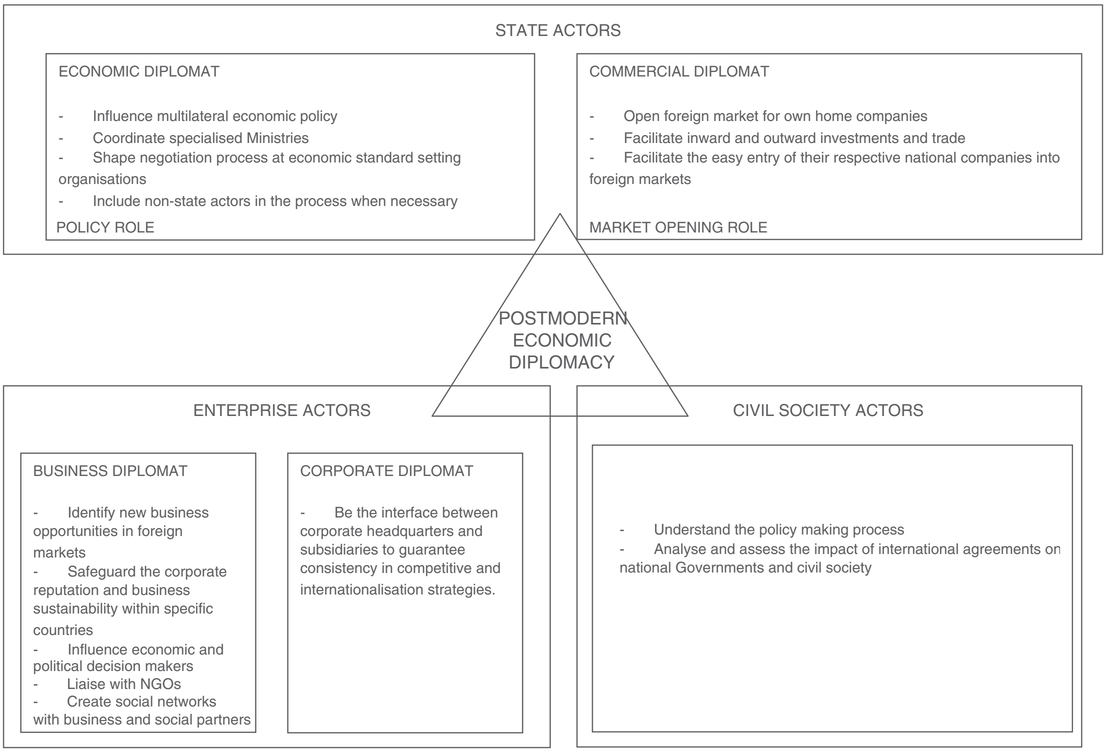
Reduce transaction costs: the importance of nonmarket strategy and economic diplomacy

In the internationalisation of their activities, companies have to face high transaction costs of doing business in countries characterized by different institutions and business practices.
Doing business on a global scale in fact involves dealing with an increasing number of actors that are more and more interconnected and interdependent. The process of devolution of powers from the national governments to both regional/local authorities and supranational bodies and the increasing importance of non-governmental organisations (NGOs) creates a whole new set of relationships and makes it necessary for companies to intensify and diversify the efforts to influence domestic and international policies in line with the overall strategy of the company. On the other hand, home governments and development agencies need to promote their companies abroad and ensure a level playing field for them.

This new system of relationships among actors and cross influences is better known as **postmodern economic diplomacy.**
When doing business abroad companies need a high degree of country-specific knowledge and of business acumen which needs to be developed to avoid failures. The most interesting emerging markets differ so deeply from the "traditional" export markets of internationalised companies that it's not possible to apply successful "traditional western" practices when expanding there. At the same time companies need to comply with international standards and respond to the social pressures of NGOs; failing to comply with the requirements of these different realities can as a result lead to a loss of competitive advantage and a missed business opportunity.

In order to deal with all these different instances, both governments and companies have started developing *new diplomatic figures* to promote their own interests and to influence the decision making process at the different levels.
Figure 5.2 gives an overview of the different types of diplomats and their relationships in postmodern economic diplomacy.

Figure 5.2 Main actors of postmodern economic diplomacy



Governments need to develop two types of professional figures. **Economic diplomats** try and influence the policy making process at supranational level. They promote the country interests and policy agenda when confronted in international fora and give advice to their countries on how to influence the policy making processes of foreign countries.

Commercial Diplomats aim at supporting the home country business promoting both inward and outward investments and trade. They advise international companies who want to invest in the home country and help national companies to internationalise exploiting market opportunities arising from opening of international markets.
Both these actors should help to overcome the obstacles to internationalisation and create a level playing field.

This becomes clear if we look at the three case studies. The analysed companies are increasingly active in BRIC countries. However, there are still high barriers and hidden costs to do business in countries such as China or India. Sometimes they are subtle and difficult to tackle and overcome. This is why governments need to intervene through the action of economic diplomacy – to shape the policies that allow market opening – and commercial diplomacy – to directly support companies.
Support agencies mainly cover roles of commercial diplomacy: they should focus on helping companies to know local conditions and local institutions better and connect them to the right partners for organizing international transactions. This is even more true for companies that decide to expand into developing countries, where institutions are missing and the “liability of foreignness” is high for companies investing in those countries.

Civil society actors play a role in bringing forward the social and environmental concerns. They try to influence both companies and the government in order to protect the instances of the civil society. They interact with the different actors and participate to the policy making process.

Given this increasing interaction among the different actors, companies need to develop diplomat figures in order to set their priorities and support their interests at a global level. **Business diplomats** actively uphold the company's interests towards third parties, both at a governmental level and at a social level. They identify new business opportunities in international markets and influence the government's decision making process in order to ensure an alignment between corporate interests and national policy. As the interface between the company and the external world, business diplomats need to be a figure that is not – as often happens today – opportunistically hired when exploring new market opportunities. The business diplomat needs to have a deep understanding of the company's competitive strategy and – consequently – of its internationalisation goals in order to ensure an effective agenda setting in front of external actors. All these actions are generally known as *"nonmarket strategies".*

As Baron (2001) states, nonmarket strategies are "all the activities developed by firms to influence policy makers". Baron's study also proves that these types of strategies – such as informational lobbying, interest group formation, media campaigns, etc. – can be effectively integrated with market strategies in order to successfully achieve a company's internationalisation goals.

The **Corporate Diplomat**, on the other hand, is the actor whose mission is to ensure the internal consistency of the company strategy. He needs to understand the different cultural backgrounds and mindsets of the different subsidiaries and make sure these are consistent with the overall strategic goals of the company. He acts as a point of contact for the different realities and is in charge of guaranteeing effective information flows.

It is worth noting that big global multinationals are more likely to develop these profiles because they have a larger resource base and superior lobbying skills. For this reason is very important – especially for SMEs – to have access and actively participate in networks, where they can work together and interact with large companies and learn from their experiences.

5.3 Some good practices in internationalisation support policies

In the previous section we grouped the main measures to support internationalisation around three main themes. We will now briefly look at European examples of practical implementation of these measures. These best practices constitute examples of what public bodies can do to foster development in these three dimensions.

Sector specific expertise and learning

An important aspect of doing business abroad is finding the right partner. To do so, companies need to have access to high value information regarding business opportunities. CzechTrade, for example, has developed an extensive database of information of foreign companies that are willing to do business with Czech counterparts. All the information – collected mainly through the embassies – is available for consultation, translated in Czech and organised per sector. Moreover, local intelligence helps companies in the process of matchmaking. Each year an average of 5.000 export opportunities, 4.000 tenders and 700 offers get published, proving that the system works pretty well.

Another best practice in providing useful information is the experience of AHK, the German Chambers of Commerce Abroad. These go a bit further in supporting companies: they do not only offer relevant and sector specific information, but also firm-specific consultancy services that allow also SMEs to get experienced advice on their specific situation. They work both as support institutions for German companies that want to do business abroad and single point of contact for foreign companies that want to do business in Germany. The members are therefore both German and non German (local): this makes it possible to exchange knowledge on the different market and put in contact potential partners.

One last example in this category is the experience of *b2fair*.
This is a supporting instrument for firms that want to cooperate and find business partners. It is a way of going beyond the traditional concept of “business fair” in order to make it more effective. The objective of the project is to guide companies from the fair-preparation phase – making a database of company profiles available for consultation –, through the fair – offering boots and interpreting services – and after the fair – through the follow-up of the contacts made. This doesn’t only enhances the effectiveness of the public relation moment of the fair but also allows the website to collect detailed information about many companies in different countries and therefore support the matchmaking process in all successive occasions.

Networking domestically and abroad

The first interesting project for promoting networks is called FinPro and has been developed in Finland. This project aims at putting together a number of SMEs that have a common internationalisation goal. The group of companies develops a shared project for expanding in one of more foreign markets and then FinPro finds for them an external manager who will be in charge of this project. This person will act as a business diplomat, doing door opening, market studies and partner finding. The main goal is to help the consortium learn more about the foreign market(s) in which they want to expand and to teach them how to exploit the internal synergies.

Another interesting project, developed in Hungary, aims at creating entrepreneurial business networks with the aim of cooperating, sharing knowledge and developing an entrepreneurial culture towards international expansion. This should result in an increase in turnover and exports for the companies involved. The project as three phases:
1 – Selection of the SMEs in the region and first discussions about what they expect from the partnership. Selection of large companies that have a long and successful experience together with a strong internal intelligence on entering foreign markets; these large companies will work as “mentors” for the SMEs.
2 – Development of trainings, workshops and other activities aimed at exchanging experiences among the SMEs and with the large enterprises; this teambuilding phase lasts on average one month.
3 – Organisation of monthly seminars on different topics in order to strengthen SMEs knowledge of different issues of internationalisation.

The creation of these networks makes it possible for SMEs both to access to the knowledge base of large companies and to interact with each others to form alliances to give them the right scale to enter foreign markets.

Reduce transaction costs: the importance of nonmarket strategy and economic diplomacy

When looking at economic diplomacy, a very interesting experience is the Dutch experience. The Dutch Minister for Foreign Trade, Frank Heemskerk in a recent speech clarified very well the basic principles that guide Dutch economic diplomacy efforts.

In the words of the Minister, "*economic diplomacy means using political influence and contacts at both the bilateral and multilateral level to promote trade, facilitate foreign investments by Dutch companies, stimulate investments by foreign companies in the Netherlands and reduce the risks involved in cross-border transactions for Dutch companies*".

There are two main points which are central to the action of economic diplomacy: the increasing importance of Asian players and the impact that new comers from that area have on Dutch strategic sectors (such as water management, energy, port development and medical services).

As Asian countries increase their dominance in world economy, cultural and institutional differences matter more and more. For this reason governments need to invest in cultural and institutional understanding in order to be able to open markets and ensure their own companies level playing field.

This is not valid only for SMEs: also big companies increasingly depend on government support, especially because public authorities can:

- Open business opportunities abroad,
- Understand which sectors are gaining significance in emerging markets and ensure that home country's companies retain their competitive advantage there.

There are interesting examples of effective Dutch economic diplomacy.

The first example we can make relates to the oil and gas fields in Russia's Yamal Peninsula. Dutch companies showed a strong interest in having the opportunity to access these natural resources, therefore the government took action to help them gaining access. It acted in two steps. First of all it established a *partnership* between interested Dutch companies and research institutes. In this way they could enter negotiations with the Russian government showing a consortium with a solid background of expertise, which from *previous experience* proved to be rather important.

Once the case was strong enough it was brought to the Russians and Gazprom by representatives of the Dutch government.

As a result a partnership between Dutch and Russian companies was created, to explore the potential of the Region and remunerative contracts for Dutch dredging companies were signed.

This shows economic diplomacy is a way of influencing governments through actions that are aimed at finding the correct way to show the counterpart the value of the partnership offered. It is about finding the right channels and the right motivations, based on strong experience, to use to gain access and to opportunities.

A second example involves a sector which is strategic for the Dutch economy: water management. After the hurricanes stroke in Louisiana, the Dutch government established a trade mission to that area, and created public private partnerships (PPP) aimed at promoting the Dutch approach to water management. Both parties – the region and Dutch companies – benefited from this action, and now Dutch engineers and scientists are working on the areas of Mississippi, California and Florida using the most recent technologies to protect them from floods. This has a very positive impact on the area, as protection from floods is a critical issue. At the same time the Dutch government promoted a strategically relevant sector for the Dutch economy, getting remunerative contracts for Dutch companies.

This matchmaking between the needs of the area and the companies was helped by the fact that the Dutch government knows very well the strengths of the Dutch economic sectors and knows exactly what can successfully be promoted abroad. This gives it the capability to explore the right opportunities and enter the right markets at the right moment.

The same happened for the promotion of Dutch know-how that made it possible to get a stake in the 5.5 billion dollar project to enlarge the Panama Canal.

Once again a strong sectoral expertise combined with diplomatic sensibility and knowledge of the counterpart made it possible to open a whole new market: now Dutch consultancy groups are advising the government of Panama while many Dutch companies are given the opportunity to work on this project.

6 CONCLUSIONS

Globalisation shapes the way of doing business, pushing more and more companies towards international expansion. Both big and small companies have to cope with increasing competition coming from abroad and – at the same time – look outside their home market to find business opportunities.

In order to be successful, companies need to be well prepared before confronting themselves on an international scale, and to do so they need to have a well planned international expansion strategy. This defines the mode of entry into foreign markets and, more specifically, the “expansion mix” a company chooses: the “how”, the “where” and the “what”.
To avoid failure this mix needs to fit the competitive strategy of the company, because each firm is different and so will be its approach to internationalisation.

Another important difference among firms is represented by the path they follow to pursuit their international expansion. Many theories – often referred to as behavioural process theories – have been formulated in this respect. The analysis of the case studies in this paper, based on companies active in different sectors, tends to support the view that the most effective way of looking at this issue is using a “holistic” approach, therefore keeping into consideration all the factors that affect each company in a given moment.

The policy implications that derive from this analysis show that there are three main areas where action is needed to support internationalisation. This of course does *not* imply that the support actions of agencies and policy makers comes down to these three aspects, but that they seem to be the most relevant issues for companies today, where also they feel action should be taken. These three areas are:

- The development of sector specific expertise and learning
- The development of an active supporting network, domestically and abroad
- The reduction of transaction costs through nonmarket strategies and economic diplomacy.

All three areas involve active interaction from both parties, government and companies. Government officials and agencies with a strong knowledge of the needs of the companies in their country and with solid sector knowledge will be more able to open up markets for companies and help to create cross-border networks. Empirical evidence shows that networks of companies have a higher negotiation power as they bring different expertise which makes them stronger in front of international governments and are more convincing in the package they have to offer to interested countries.

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Annex 1: Companies included in the BEL20 index from 18/03/1991 to 31/08/09

Company Number	Name	Period included in the index	Category
1	Agfa-Gevaert	14/06/1999-02/03/2009	First selection
2	Almanij	26/06/1998-03/03/2005	Financial company
3	Barco	18/03/1991-04/01/1993	First selection
		23/12/1996-02/03/2007	
4	BarcoNet	13/11/2000	One day
5	BBL	04/01/1993-22/12/1997	Financial company
6	Bekaert	18/03/1991-14/06/1999	First selection
		16/12/1999-	
7	Belgacom	29/03/2004-	First selection
8	CBR	18/03/1991-16/12/1999	First selection
9	CMB	04/01/1993-18/01/1999	First selection
10	Cobepa	18/01/1999-14/09/2000	Financial company
11	Cockerill	19/12/1994-23/12/1996	First selection
12	Cofinimmo	04/03/2003-	Real estate
13	Colruyt	04/01/1993-	First selection
14	Delhaize Group	18/03/1991-	First selection
15	Dexia	22/12/1997-02/03/2007	Financial company
16	D'Ieteren	02/07/1998-02/03/2006	First selection
17	Electrabel	18/03/1991-15/11/2005	First selection
18	SUEZ CR	15/11/2005-21/07/2008	First selection
19	Fortis	18/03/1991-	Financial company
20	GBL	18/03/1991-	Financial company
21	Generale Bank	18/03/1991-02/07/1998	Financial company
22	Gevaert	18/03/1991-19/12/1994	First selection
23	GIB	18/03/1991-11/11/2002	Financial company
24	IBA	15/11/1999-04/03/2003	First selection
25	AB INBEV (ex:Interbrew/ Inbev)	01/02/2001-	First selection
26	KBC	04/01/1993-	Financial company
27	Mobistar	11/11/2002-	First selection
28	Nationale Portefeuille	02/03/2006-	Financial company
29	Omega Pharma	04/03/2002-	First selection
30	PetroFina	18/03/1991-14/06/1999	First selection
31	Real Software	14/06/1999-01/02/2001	First selection
32	Recticel pref.	18/03/1991-04/01/1993	First selection
33	Royale Belge	18/03/1991-26/06/1998	Financial company

Company Number	Name	Period included in the index	Category
34	Soc. Générale Belg.	18/03/1991-02/07/1998	Financial company
35	Sofina	18/03/1991-04/01/1993	Financial company
36	Solvay	18/03/1991-	First selection
37	Telindus Group	14/09/2000-04/03/2002	First selection
38	Tessenderlo	18/03/1991-04/01/1993	First selection
		27/07/1998-29/03/2004	
39	Tractebel	18/03/1991-15/11/1999	First selection
40	UCB	18/03/1991-	First selection
41	Umicore	18/03/1991-	First selection
42	Cumerio	29/04/2005	One day
43	Ackermans & Van Haaren	02/03/2007-	Financial company
44	SUEZ Environment	21/07/2009	One day
45	Nyrstar	03/03/2008-02/03/2009	First selection
46	GDF Suez	21/07/2008-	First selection
47	Telenet Group	02/03/2009-	First selection
48	Befimmo-Sicafi	02/03/2009-	Real estate

Annex 2: First selection

	Code	BEL-20 companies	Important information	Date	Ultimate owner	Country (region) of origin
1	202239951	Belgacom	Takeover Telindus (BE)	1/01/2006	Belgian state	BE (VLG)
2	400378485	Colruyt	Split-off Dolmen computers	26/10/1999	Colruyt family	BE (VLG)
3	400465290	CBR	Taken over Heidelberger Zement AG (DE)	16/12/1999	Heidelberger Zement AG	DE
4	401574852	Umicore	Split-off Cumerio	2/05/2005		BE (BRU)
5	402206045	Delhaize			Alliance capital	US
6	403053608	UCB			Financière de tubize	BE(BRU)
7	403079441	PetroFina	Taken over Total (FR)	14/06/1999	Total	FR
8	403091220	Solvay			Differo	BE (BRU)
9	403170701	Electrabel	Taken over Suez (FR)	15/11/2005	GDF Suez	FR
10	403203264	Tractebel	Taken over Suez-Lyonnaises des Eaux (FR)	15/11/1999	GDF Suez	FR
11	403448140	D'Ieteren			D'Ieteren family	BE (BRU)
12	403940662	Cockerill sambre	Merger Usinor Group (FR)	1/06/1998	Arcelor Mittal	LU
13	404021727	Gevaert	Merger Agfa AG (DE), Gevaert Photo Producten N.V. (BE) and Bayer (DE)	1/06/1964	Bayer	DE
14	404535431	CMB	De-merger: CMB: Bocimar and Euronav + Exmar	2003	Marc Saverys	BE (VLG)
			De-merger: CMB + Euronav			
15	405666668	Recticel			Compagnie du bois sauvage	BE (BRU)
16	412101728	Tessenderlo Chemie			SNPE	FR

17	417497106	AB INBEV	Merger with Ambev (BR)	2004	Belgian and Brazilian families through Dutch fund	BE (BRU)
			Merger with Anheuser-Bush (US)	18/11/2008		
18	422674035	Telindus Group	Taken over Belgacom (BE)		Belgian state	BE (BRU)
19	428750985	IBA			Belgian Anchorage	BE (WAL)
20	429037235	Real Dolmen	Merger Real Software (US) and Dolmen (BE)	1/09/2008	Real holding	US
21	431676229	Omega Pharma	IPO	1998	Marc Coucke	BE (VLG)
22	437531762	Bekaert	Split-off Bekaert fencing	-0,000498753		BE (VLG)
23	456810810	Mobistar			France Telecom SA	FR
24	473191041	Barco	Split-off Barconet	13/11/2000	Franklin Resources	US
25	477702333	Telenet group			Liberty global	US
26	888728945	Nyrstar			FMR LLC	US

Annex 3: List of relevant countries' ISO codes

Country	ISO Code
UNITED ARAB EMIRATES	AE
NETHERLANDS ANTILLES	AN
ARGENTINA	AR
AUSTRIA	AT
AUSTRALIA	AU
BOSNIA AND HERZEGOVINA	BA
BULGARIA	BG
BERMUDA	BM
BOLIVIA	BO
BRAZIL	BR
BELARUS	BY
CANADA	CA
SWITZERLAND	CH
CÔTE D'IVOIRE	CI
CHILE	CL
CHINA	CN
COLOMBIA	CO
CYPRUS	CY
CZECH REPUBLIC	CZ
GERMANY	DE
DENMARK	DK
DOMINICAN REPUBLIC	DO
ECUADOR	EC
ESTONIA	EE
SPAIN	ES
FINLAND	FI
FRANCE	FR
UNITED KINGDOM	GB
GREECE	GR
GUATEMALA	GT
HONG KONG	HK
CROATIA	HR
HUNGARY	HU
INDONESIA	ID
IRELAND	IE
INDIA	IN
ITALY	IT
JAPAN	JP
KOREA, REPUBLIC OF	KR

LIECHTENSTEIN	LI
LITHUANIA	LT
LUXEMBOURG	LU
MOLDOVA, REPUBLIC OF	MD
MONTENEGRO	ME
MEXICO	MX
NETHERLANDS	NL
NORWAY	NO
PANAMA	PA
PERU	PE
POLAND	PL
PORTUGAL	PT
PARAGUAY	PY
ROMANIA	RO
SERBIA	RS
RUSSIAN FEDERATION	RU
SWEDEN	SE
ZAIRE (CONGO, THE DEMOCRATIC REPUBLIC OF)	ZR
SINGAPORE	SG
SLOVENIA	SI
SLOVAKIA	SK
SENEGAL	SN
THAILAND	TH
TUNISIA	TN
TONGA	TO
TURKEY	TR
TAIWAN, PROVINCE OF CHINA	TW
UKRAINE	UA
UNITED STATES	US
URUGUAY	UY
VENEZUELA	VE
Former Yugoslavia	YU
SOUTH AFRICA	ZA

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ISBN-NUMMER : 9789078858553
D/2010/11.885.01